

NEWS SUMMARY

GENERAL

French Navy fights trawlers

French Navy vessels equipped with water cannon battled with trawlers in an attempt to stop protesting fishermen interrupting oil supplies.

Five trawlers were badly damaged in the skirmish near the Normandy oil terminal at Cape Antifer.

The country's biggest oil terminal at Fos, east of Marseilles, was again blockaded in defiance of the navy, which had reopened the port before the week-end. Back page.

Embassy move

The Dutch Government decision to move its embassy in Israel from Jerusalem to Tel Aviv has created a political storm in The Hague and damaged good relations between the two countries. Back page.

China shuffle

China has appointed new finance and agriculture ministers in the lead-up to next week's meeting of the National People's Congress, which is expected to replace Hua Guofeng as Premier. Page 4

Blaze probe

Police investigating the arson attack on two illegal drinking clubs in Soho, in which 37 died, were questioning a man after a tip-off.

Drugs denial

Lord Moyah, the British peer living in the Philippines who was named in an Australian Royal Commission Report on drug trafficking, denies any connections with dangerous drugs transactions, his lawyer said.

Times peace bid

New moves to settle the journalists' strike at The Times were under way, but the paper was again not produced. Back page.

Players released

A Buenos Aires magistrate ordered the unconditional release of two British rugby players arrested two weeks ago and accused of stealing an Argentine flag. A third, who faces trial, was released on bail.

Brothers defect

Two Czechoslovak ice hockey international brothers, Peter and Anton Stastny, have defected to Canada after leaving their team playing a tournament in Austria.

Ten executions

Ten Iranians convicted of taking part in an alleged coup plot last month were executed in Isfahan. In Tehran, a former Justice Minister under the late Shah was given 50 lashes for keeping alcoholic drinks.

Muskie plea

U.S. Secretary of State Edmund Muskie blamed the oil-exporting countries for world economic problems. He told the UN General Assembly they should adopt stable price and supply policies. Page 4

It's a dog's life

Thieves who broke into a compound guarded by Lella, a Doberman Pinscher, stole two of her nine-week-old puppies.

Briefly...

BBC Russian Service has increased daily transmissions to the Soviet Union from five to 51 hours.

Trophies representing 70 years of British motoring were stolen from the British Leyland Heritage Exhibition.

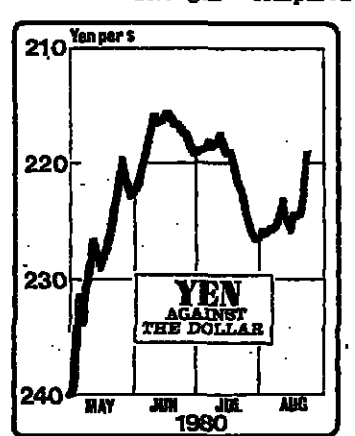
Holidaymakers tempted by a £1,000 reward joined the search for missing grizzly bear Hercules in the Hebrides.

BUSINESS

Sterling's index at 5½ year high

STERLING advanced strongly on news of Texaco's North Sea oil discovery to close at \$2,350, a rise of 1.15 cents from Monday's New York close. Its trade-weighted index rose to a 5½-year high of 75.8 (75.7). Page 21

DOLLAR fell to a four-week low of ¥231.50 on selling in Tokyo. This partly reflected indications of growing Japanese economic strength compared



with the U.S. The trend continued in London, where the dollar fell to ¥218.20 from ¥223.15 in New York on Monday. Its index dropped to 84.3 from 84.8 on Friday. Page 21

GOLD fell 5¢ to close at \$313.5 in London. Page 21

EQUITIES drifted down. The FT 30-share index closed 3.1 lower at 495.8, much of the fall resulting from end-Account profit-taking in the recently buoyant electrical sector. Page 24

UNITED reverted to the day's lowest after hours. The FT Government Securities Index finished 0.25 down at 68.72. Page 24

WALL STREET was up 2.56 at 958.79 near the close. Page 25

TEXACO announced a promising oil discovery on block 14/20 of the UK's North Sea sector. Back page

FLOATING production platform similar to the Alexander L. Kielland, which capsized with the loss of 123 lives in Norway's sector of the North Sea in March, has been pronounced safe for use in the UK's Buchan field. Page 8

CO-OPERATIVE Wholesale Society plans a management shake-up to help the retail societies compete more effectively. Page 8

PRINT unions meet today to try to resolve disagreements over a motion on the media which will be debated at next week's TUC conference. Page 10

DAIMLER-BENZ of West Germany is to raise its 45.6 per cent interest in Spanish vehicle maker Mercedes to a controlling stake of 52 per cent. Page 16

SECOND attempt to export Japanese Hino trucks from Ireland to Britain has renewed protests by the UK industry and unions. Page 9

HONDA has told its UK subsidiary to curtail car deliveries to dealers. The Japanese company says it will cut exports to Britain. Back page. New Honda car, Page 6

TOYOTA, Japan's biggest car manufacturer, reports record earnings for its last financial year. Net profit increased 40.7 per cent to ¥143.57bn (£271m). Page 20

FAIRCLOUGH CONSTRUCTION Group's first half taxable profits improved to £4.21m (£4.07m) on turnover £27.14m higher at £134.93m. Page 16; Lex, Back page

IMI, the refining, fabricating and fasteners group, reports pre-tax profits up 26 per cent to £17.1m (£13.8m) in the half year to June 30. Page 17; Lex,

Polish government considers allowing independent unions

BY CHRISTOPHER BOBINSKI IN GDANSK

A POLISH government negotiating team, headed by Mr. Mieczyslaw Jagielski, Deputy Premier, indicated to striking workers here yesterday that it is considering their principal demand, for the establishment of an independent trade union movement, and is prepared to guarantee their right to strike.

Talks with the Gdansk Inter-factory strike committee, MKS, which is co-ordinating strikes in more than 400 plants and institutions in the area, resumed yesterday morning after the authorities agreed to restore telephone links with Warsaw and Szczecin, the other large Baltic port hit by the strike wave.

Some of the proceedings were broadcast in full on local radio stations serving around 1m people.

Strikes spread to several more Polish cities yesterday including Wroclaw, Lodz and Rzeszow.

The Gdansk MKS stressed at a three-hour meeting with the Government team that it considers the establishment of an independent trade union movement central to any agreement which might end the 13-day stoppage.

Although Mr. Jagielski stuck to his proposal for reform of the existing trade union movement in the session, it was learnt yesterday that he is privately convinced of the necessity to consider the strikers' demands on this issue.

If the authorities were to agree to setting up independent unions alongside the existing union structure, this would introduce another pluralistic element into Polish society alongside the Catholic church and the private farming sector.

But this would be a major change in Eastern Europe where the system is based on the monopoly of control over society by the ruling Communist Party and Government.

Mr. Jagielski agreed in the meeting to guarantee the right to strike. Mr. Lech Walesa, the MKS chairman, said at the start of the meeting: "We agree on the free trade unions demand, then we will go through the others in no time."

Loudspeakers transmitted the proceedings throughout the Gdansk Lenin shipyard, the headquarters of the strike committee and the venue for the talks. Later in the day they were broadcast on local radio.

Mr. Jagielski asked for a

break in talks in the afternoon, in which three representatives from each side discussed the details of the trade union issue. In this interval the Deputy Premier consulted with his colleagues in the Communist Party leadership in Warsaw. The talks resumed late last night.

The MKS, which is being advised by a group of economists from Warsaw, wants the Government to say that it will allow new independent unions to register as legally recognised institutions.

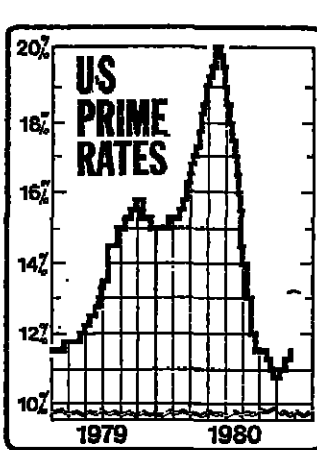
The strikers are basing their demands on convention 87 of International Labour Organisation, which guarantees labour freedom, and which the Polish Government ratified in 1968.

The MKS wants guarantees that workers in those areas where there have been no strikes should not be hindered if they want to set up independent trade unions. The strikers are not demanding the abolition of the present trade union organisation.

MKS delegates yesterday morning said the lack of an authentic union movement representing workers' views to the authorities had led to the present economic and political crisis in Poland.

The MKS negotiators told the authorities that they needed to hear independent views on policies. "Gentlemen," one of the strikers said without a trace

Continued on Back Page



Prime goes up to 11½%

By David Lascelles in New York

THE U.S. Prime Rate registered its second increase in a week yesterday when a number of banks announced a rise of 4 per cent to 11½ per cent.

The rise was led by Chase Manhattan, the largest New York bank which has been in the forefront of most Prime Rate changes this year. It was followed by Wells Fargo, Marine Midland, the upstate New York banks, and some smaller banks.

Chase was the first to reverse the Prime's four-month downward trend when it moved from 11 per cent to 11½ per cent last week. The increase was not followed by other large banks until last Friday, which is probably why they were reluctant to rush into another increase yesterday.

The market had been expecting yesterday's rise in the Prime, the rate U.S. banks charge their best corporate borrowers, and it had little impact.

Another Prime Rate rise was to be expected following the sharp upward trend in interest rates in the last few days. Three-month certificates of deposit, which provide a useful guide to future Prime Rate trends, were trading at 10.50 per cent yesterday. Given that there is normally a spread of at least 1.5 per cent between CDs and the Prime, yet another increase in the Prime Rate is possible, unless money costs subside fairly sharply in the days to come.

The tightness of the money markets reflects Wall Street's mounting worries over the recent resurgence of the money supply, and the possibility that the Federal Reserve may have to rein in credit. The Fed has conspicuously stood back from the market this week, apparently content to allow interest rates to ride up by themselves.

The UK orderbook increased by a third on the first three months of the year to 900,000 grt. By contrast, Japanese shipyards which account for nearly half world shipbuilding output increased their orderbooks by 7 per cent to 12m grt.

Overall, the volume of tonnage on order at the world's shipyards increased by 1.6m grt in the second quarter to 32.5m grt. This compares with the peak of 133.4m grt in the world order book for ships reached in March 1974 and the low point of 25.1m grt of March, 1979.

Since March last year it has been recovering steadily. But according to Lloyd's statistics, actual new orders in the April-June period totalled 5m grt, compared with approximately 5.4m in the first quarter.

Continued on Back Page

New Cabinet boosts Botha reform plans

BY BERNARD SIMON IN JOHANNESBURG

MR. P. W. BOTHA, the South African Prime Minister, yesterday announced a major Cabinet reshuffle, appointing seven new ministers and three deputy ministers.

The two key appointments are General Magnus Malan, till now the Chief of the Defence Force, who becomes Minister of Defence, and Dr. Gerrit Viljoen, the Administrator-General of South-West Africa/Namibia, who has been given the Education portfolio.

The changes bring a number of Mr. Botha's key supporters and advisers into the Cabinet, and are likely to strengthen his hand in overcoming Right-wing opposition to race and labour reforms, at which he has hinted ever since coming to office almost two years ago.

The implementation of these reforms had recently come to a virtual standstill, ostensibly because of opposition from the ultra-conservative wing of the ruling National Party.

The leader of the Right-wing, Dr. Andries Treurnicht, who also heads the party's influential Transvaal branch, remains in the Cabinet. But he has been assigned the low-ranking and non-controversial portfolios of Government Administration and Statistics. In addition, one of his few Cabinet supporters has been dropped.

General Malan is one of Mr. Botha's most influential advisers

and an architect of his reformist policies. His appointment to the Cabinet is evidence of the increasing role which the military has played in all spheres of South Africa's government since Mr. Botha became Prime Minister.

The inclusion of Dr. Viljoen could have important political repercussions. He is chairman of the powerful Afrikaner secret society, the Broederbond, and in the future could be in a position to challenge Dr. Treurnicht for the leadership of the National Party in the Transvaal.

Dr. Dawie de Villiers, former Springbok rugby captain and now South Africa's ambassador in London, has been brought into the Cabinet as Minister of Industry.

The Cabinet changes follow the nomination by the National Party caucus yesterday of its candidate for the new post of Vice-President. This office is being created as part of the Government's proposed new constitution. The Vice-President will be chairman of the President's Council, an advisory body which will include whites, Coloureds and Asians.

The National Party's nominee for Vice-President is Mr. Alwyn Schlebusch, the Interior Minister and chairman of the committee which drafted the new constitution. Mr. Schlebusch is votes in Parliament, which certain to obtain a majority of meets early in October.

Mobil buys TransOcean

BY DAVID LASCELLES IN NEW YORK

Mobil Oil was yesterday officially declared the winner in the bidding for TransOcean Oil, the choice oil and gas company, with an offer of \$740.1m (£311m). It had been unofficially reported earlier that Mobil had come out ahead in the auction, which had attracted spirited bidding from large oil companies on both sides of the Atlantic.

TransOcean is a subsidiary of Vickers Energy Corporation, itself owned by Esso, a diversified engineering and consumer goods group.

Esso also confirmed yesterday that it had sold Vickers' Doric petroleum gas processing unit for \$26.5m to Petro-Lewis, a Colorado energy company that buys up energy properties for the investing public.

Combined with the \$245m sale of Vickers' petroleum refining and marketing sub-

sidary to Total Petroleum (North America), announced last week, the proceeds from the Vickers' divestiture will net Esso more than \$1bn, making the deals one of the largest of their kind.

The deal with Mobil, under which it will acquire 20m barrels of oil and 240m cubic feet of gas reserves, is to be structured in an unusual way so as to make it tax-free for Esso. Mobil will make a tender offer for about 12m Esso shares at \$60 a share, and then hand the shares over to Esso.

Esso also retains the right to a 10 per cent interest in the profits of TransOcean's exploratory oil and gas properties.

The terms of the deal appear to place a value on Vickers' oil in the ground of about \$12 a barrel, which is towards the upper end of the going rate.

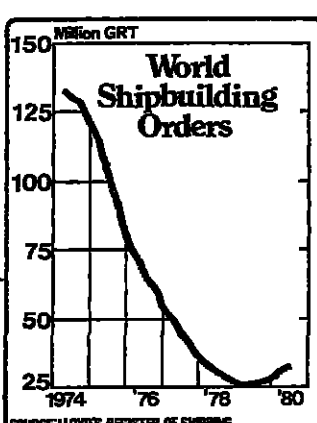
World shipbuilding recovery falters

BY OUR SHIPPING CORRESPONDENT

SIGNS that the recovery of the world shipbuilding industry is starting to falter have emerged with new statistics out yesterday. At the same time, the figures show that British shipbuilders won more new orders in the three months to the end of June than in any three-monthly period since nationalisation in 1977.

In the April-June period British Shipbuilders won orders for 12 merchant ships totalling 250,450 gross registered tons and worth £149m. This compares with orders for only 260,000 grt in the whole of the previous 12 months and was sufficient to increase the size of British Shipbuilders' orderbook by a quarter.

UK shipyards (including the private sector) were second only to South Korea in the size



of the increase, in percentage terms, in their orderbooks in the second quarter of 1980. According to figures published by Lloyd's Register of Shipping

the UK orderbook increased by a third on the first three months of the year to 900,000 grt. By contrast, Japanese shipyards which account for nearly half world shipbuilding output increased their orderbooks by 7 per cent to 12m grt.

Overall, the volume of tonnage on order at the world's shipyards increased by 1.6m grt in the second quarter to 32.5m grt. This compares with the peak of 133.4m grt in the world order book for ships reached in March 1974 and the low point of 25.1m grt of March, 1979.

Since March last year it has been recovering steadily. But according to Lloyd's statistics, actual new orders in the April-June period totalled 5m grt, compared with approximately 5.4m in the first quarter.

Continued on Back Page

Marchwiel profits fall £3m

BY MICHAEL CASSELL

HEAVY LOSSES on an £11.5m road building project in Sudan have helped wipe nearly £3m off the pre-tax profits of Marchwiel, the international building and civil engineering contractors.

Marchwiel, the parent company of the Sir Alfred McAlpine group, yesterday reported profits for the six months to the end of April down from £3.42m a year before to £140,000 and said that "very serious technical and plant problems" on the Sudan contract were largely to blame.

Group turnover rose from £98.7m to £120.5m and the directors say they intend to maintain the proposed final dividend of 3.6p, making 6p for the year and repeating the 1979 payment.

Mr. R. J. McAlpine, vice-chairman of Marchwiel, would not give a precise figure on the road project although he said they accounted for most of the decline in profits. Mr. Mc-

Alpine said "substantial" losses were continuing and suggested that the proportionate drop in profits during the second half could be just as severe.

Marchwiel says it hopes losses on the Sudan job will not continue beyond the current year. The project was given an original sterling price of £17.4m when work began in 1978 but, because of currency fluctuations, is now valued at £11.5m.

The project involves construction of 160 km of roads which form part of a plan to develop a cotton-producing area. The UK contractor had budgeted to complete the scheme this month but is now expected to be on site until the end of the year.

Mr. Alpine said that the equipment used on the road project had not performed as well as expected in severe terrain and harsh climatic conditions. Serious problems had also been encountered in obtaining and processing materials for the road.

Marchwiel has almost completed work on a major sugar refining complex at Kenana in Sudan and currently has one other small contract underway there. It has also tendered for a £22.5m contract to construct three airports in the country and believes that it has submitted the lowest price. It expects to hear soon whether or not its bid has been successful.

In the UK, the group continues, to experience difficult trading conditions and severely reduced profit margins. Mr. McAlpine said it was suffering from long delays in settlement of accounts while unusually poor weather conditions may affect the results.

Full details Page 16
Lex, Back Page

CONTENTS

Printing: domestic problems and foreign challenges	14	Management: French venture for Charterhouse	11
Poland: shadow over Ostpolitik	15	Lombard: Peter Riddell on the "New Conservatism"	12
Norway: tougher line on oil	2	Gardens Today: bright flowers and silver leaves	12
Brazil: disappointment at coffee demand	23	Editorial Comment: Budget reform; Sweden	14
Thailand: foreign investment prospects	4	Survey: Sri Lanka	insert I-VIII

American News	3, 4	Int'l Companies	18-20	Share Information	28, 27	Weather	28
Appointments	9	London Page	12	Stock Markets:		World Trade News	6
Arts	13	Letters	15	London	24	INTERIM STATEMENTS	
Base Rates	9	Lex	28	Wall Street	22	First Sect. Am. Tr.	9
Commodities	23	Lombard	12	Bourses	11	IMI	16
Companies UK	16, 17	London Tr. Opns.	12	Technical	11	Queens Moat	17
Crossword	12	Management	11	Today's Events	15	ANNUAL STATEMENTS	
Entertain. Guide	12	Men & Matters	14	TV and Radio	12	Parnclough Const.	19
European News	2, 3	Mining & Exchngs	17	UK News:	8, 9	J'burg Consol. Inv.	10
Euromarkets	18	Money & Exchngs	21	General	10	Alfred Pready	17
European Options	17	Overseas News	12	Labour	10		
FT Actuarial	24	Racing	4	Unit Trusts	25		

For latest Share Index phone 01-246 8026

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		Meridian Oil	17 + 3
Belhaven Brewery	33 + 2	FALLS	
Brent Walker	71 + 4	Treas. 12pc 1984-1985	- 1
Brown Shipley	380 + 12	Treas. 13pc 1983-1984	- 1
Coral Leisure	60 + 4	Fairclough Cons.	- 1
East Midland Allied Press A	82 + 5	GSC	500 - 12
Gill & Duffus	169 + 8	HT & Shanghai Bkg	155 - 5
Goldman (H.L.)	17 + 3	Hoover A	356 - 6
Gresham House	225 + 13	ICI	135 - 6
Solihay	467 + 27	Lee Cooper	156 - 6
Standard Chartered	580 + 15	M.L. Holdings	340 - 10
Rosehaugh	140 + 14	Marchwiel	84 - 12
Berjuntal	300 + 35	Plessey	236 - 7
Bond Corp.	134 + 8	Stocks (J.I.)	85 - 12
End. Resources	28 + 3	Unitich	329 - 13
Gopeng Cons.	630 + 15	Basic Resources	610 - 44
Hongkong Tin	430 + 35	Tricentral	325 - 8
Kamunting	115 + 10	Ashton Mining	155 - 5

FACTORIES. ACT.

Demand for factory units in Milton Keynes is tremendous. Make your move now.

Our Advance Factory Units are going like hot cakes. Demand has always been high and continues to rise.

So if your business is looking to relocate or expand, the sooner you act the better.

The benefits of moving to Milton Keynes become more obvious day by day.

First, space. Whether you're a large or small industrial concern, we've got the room you need to flex your muscles, now and in the future.

Secondly, Milton Keynes has a wide range of desirable housing set in the heart of the Buckinghamshire countryside. There's no problem attracting key staff to the area.

And lastly, we're in the right place. Midway between London and Birmingham, just alongside the M1, Milton Keynes is the perfect location for any business serving either U.K. or Export markets.

Find out more today. Phone us, or fill in the coupon below.

Commercial Director, Milton Keynes Development Corporation, Watford Tower, Milton Keynes MK17 8LX. Tel: Milton Keynes (0908) 74000.

Name _____ Position _____

Address _____

Tel No. _____

MILTON KEYNES
FT 27/8

EUROPEAN NEWS

THE CRISIS IN POLAND

Western banks take a cool view of turmoil

BY PETER MONTAGNON

POLAND'S bankers in the West have watched the developments in Gdansk and Szczecin with considerable apprehension but, so far, they have been remarkably resolute in their support for the country.

On Friday a consortium of international banks signed a credit for \$325m (£197m) to Bank Handlowy, and German banks are expected to complete a similar deal amounting to DM 1.2bn (£280m) within the next two or three weeks.

That such borrowings should have got off the ground at all is the more noteworthy since the atmosphere for Eastern European borrowers in the Euromarkets has been chilly since the Soviet invasion of Afghanistan last winter. U.S. banks have been particularly reluctant for political reasons to enter into new deals with the result that the flow of funds to a hardline Comecon country such as East Germany has all but dried up.

The amounts of both the new credits were scaled down. The

German credit was originally targeted at DM 1.5bn and the international credit at some \$500m, but the total amount is larger than all Comecon Euro-market borrowings in the first half of this year which is put by the Organisation of Economic Co-operation and Development at \$877m.

It can thus be argued that Poland has come in for some preferential treatment from international banks. To some extent the reason is political. The German banks came under pressure from the Bonn Government to support the credit because of the close trade relations between the two countries and because it was in line with the more general policy of détente.

For the 11 U.S. banks in the international credit a secondary motivation might well have been the importance of the Polish vote in the U.S.

But the main consideration remains that it is in the banks' own interest to continue to extend financial support to Poland. Poland's hard currency borrow-

ings amount to some \$20bn. This year alone its debt service requirement is some \$7.18bn, a staggering 68 per cent of projected exports.

It is clear to the banks that Poland has to continue to borrow to service its debt. If money was refused, Poland might have defaulted on existing borrowings which would have meant considerable losses for a number of major international banks.

Decisions to participate in the current loans were made in principle at very senior level in the banks concerned, before the political unrest really got under way. In the present situation the banks have little choice but to make the best of a difficult job. A number of arguments they produce in favour of lending to Poland are, nonetheless, eminently plausible.

In the first place, the banks do not expect long-term political or economic disruption to result from the present wave of strikes. There is a certain sense of déjà vu. Even Western coun-

tries, most notably Italy in 1976, have passed through bouts of severe social unrest without their creditworthiness being impaired.

In Poland's case the damage that could be inflicted on an already fragile economy is considerable. It seems unlikely that Poland, which is predicting a hard currency trade surplus of some \$370m this year, will now meet all its economic targets, but, provided the strikes do not last too long, some lost ground could be made up, especially if the will is there.

The banks are watching the situation closely and those involved with the \$325m credit are to meet Polish Government officials in November to take stock of the situation.

Another important consideration is that East European borrowers have an impeccable record for punctual payment of debt obligations. Even if temporary cash-flow problems do arise, it is assumed that the Comecon "umbrella" would be raised to shield Poland from a

rain of writs

Some Comecon countries are in a very good position to help. The Soviet Union, for example, which has not borrowed for years in the Euromarkets, had more than \$7bn on deposit with Western banks as of the end of March.

Belief in the Comecon umbrella is an act of faith for Western bankers. Thus far it has proved justified insofar as Moscow Narodny Bank came into the \$325m credit as a lead manager at the last minute.

Whether faith in Poland's creditworthiness will prove justified in the months ahead is still, however, an open question. The banks are now caught up in a political situation which few of them feel qualified to analyse. They are loath to contemplate what would happen if the strikes continue for months or if the Soviet Union decided on military intervention.

"We just hope everyone will be reasonable," one German banker said yesterday.

Cossiga to risk vote of confidence

By Rupert Cornwell in Rome

ITALY'S coalition Government is to place its survival at stake to force its major economic package into law. But the deadline of early September for the measures' approval might still not be met because of obstructionist tactics in Parliament.

A decision to make two decrees, which raise a number of taxes and provide help to hard-pressed Italian industry, a matter of confidence, if necessary, was taken at a Cabinet meeting last night.

Even if the confidence motion fails to overcome obstruction from the neo-Fascist MSI and from the Radical party, the Government has let it be known that it is prepared to present new 60-day decrees similar to those which have lapsed.

The economic stabilisation package has thus become a crucial test, not just for the survival of Sig. Francesco Cossiga's four-month-old administration of Socialists, Republicans and Christian Democrats, but also for the credibility of ministerial assertions that the lira will not be devalued.

The currency has come under sporadic pressure in recent days, and is now close to the bottom of its maximum permitted fluctuation in the European Monetary System. But the Central Bank and Economics Ministers insist that its future will be reasonably secure if the economic decrees are passed and if a Government crisis is avoided.

In any case, the economic slowdown expected to reach Italy this autumn is expected to take some of the pressure off the currency, by reducing imports and lowering inflationary pressures.

Carneiro fends off 'fraud' campaign by opposition parties

BY JIMMY BURNS IN LISBON

PORTUGAL'S Prime Minister, Sr. Francisco Sa Carneiro, appears to have survived, if only temporarily, the most concerted campaign by the opposition to bring down his Government since it took office in January.

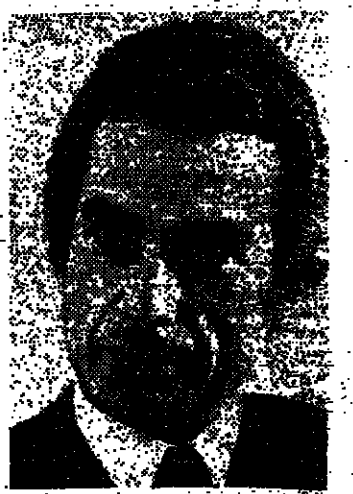
The permanent committee of the National Assembly yesterday rejected a demand from the Socialist and Communist parties that Parliament should be recalled from summer recess for an emergency debate on the Prime Minister's business activities during the period immediately after the 1974 revolution. Both parties have threatened censure motions against the Centre-Right Government.

In a broadcast earlier this month, Sr. Sa Carneiro vigorously denied claims which, he said, amounted to allegations of fraud. He stressed that he owed nothing to the nationalised banking system and that his dealings with it had always taken place within strict legal limits.

But the Prime Minister's reluctance to answer the details of the allegations has resulted in renewed pressure from the main opposition parties and left-wing officers of the constitutional watchdog—the Military Council of the Revolution—for the matter to be debated publicly. The opposition has also called on Sr. Sa Carneiro to resign.

But what amounts to a campaign to turn the personal integrity of the Prime Minister into a major issue received a setback when the opposition request to the assembly's permanent committee was defeated by one vote (18-15).

Sr. Pedro Roseta, parliamentary spokesman of the Prime Minister's Social Democrat



Sr. Sa Carneiro: a one-man victory

party said afterwards that Sr. Sa Carneiro would give a detailed account of his banking activities after the general election. The Prime Minister is suing for libel the Communist newspaper that first published the allegations against him, but Portugal's courts are closed until October.

Both the Socialist and Communist parties have indicated that they will repeat the allegations during the electoral campaign and have accused the Prime Minister of a cover-up.

But the scope and scale of the controversy has effectively been reduced by the opposition's failure in the assembly committee's vote. The public's only remaining point of reference for the allegations is the Communist newspaper which has a restricted readership.

The campaign against the Prime Minister would have made a greater impact beyond mere party boundaries, had demands for a full parliamentary inquiry been approved.

E. German workers pressed to raise output

BY LESLIE COLT IN BERLIN

EAST GERMANY'S state trade union is stepping up pressure on workers to boost productivity, despite the strikes in neighbouring Poland.

The Communist party's Free German Trade Union has been holding shop steward meetings at which pledges are being obtained to double next year's growth in production compared with recent years.

President Erich Honecker and the East German Communist leadership appear confident they are not running a risk of exhorting workers to greater production efforts. They also feel they have no choice as the economy is straining under

Soviet energy and raw materials prices, which have been rising faster than the output of East German goods that can be sold internationally.

Neues Deutschland, East Germany's main party newspaper, carries a page of pledges by state trade union representatives while most of the television news is devoted to testimonials by workers who say they will over-fulfil their work norm.

One shop steward in a Karl Marx steel rolling mill said that a week of "maximum output" has been set for next month, in order to prepare for next year's plan which is to in-

crease plant output by at least 8.8 per cent.

A member of the trade union committee at a brown coal mine in the Leipzig area said his men had promised to produce an additional 100,000 tonnes of coal which would help reduce the amount of energy which has to be imported.

He noted that one bucket excavator operator in the open cast mine had suggested that a new "performance index" be introduced to evaluate how much waste sand was contained in the excavated coal.

Another trade union representative from the Robotron Electronics factory said her workers

had pledged to raise production

Despite the increased pressure on workers from the state trade union, the East German Government believes its formula of maintaining prices for basic foods, services, public transport and rents at the 1957 level will prevent any labour unrest.

This subsidised luxury, the Government argues, can only be paid for by harder and better work.

Spurious or not, it "exemplary workers" in the East Berlin borough of Lichtenberg are reported to have inspired their fellow-workers with the slogan: "The measure of my work — Honest, Good, and More!"



Erich Honecker: undeterred by Polish events

'Key figure' in heroin traffic held

By Our Rome Correspondent

ITALIAN POLICE appear to have made a major breakthrough in their battle against the Sicilian Mafia with the arrest yesterday of Sig. Gerlando Alberti, suspected by police of being a leading figure in the "New Mafia's" traffic in hard drugs between Sicily and the U.S.

International investigators have for some time been convinced that Sicily has now become a major centre for the production of refined heroin.

The U.S. Drug Enforcement Agency recently estimated that the island now accounts for one third of the 60-tonne annual world traffic in pure heroin. Those 20 tonnes would have a national street value of up to £10bn.

The 53-year-old Alberti, on the run for three years, was captured at a house in the countryside some 30 km from Palermo, along with two other Italians and three Frenchmen, one of them a specialist chemist.

Police discovered an operating heroin refinery in the house, which to casual observers appeared to have been half built and then abandoned.

Investigators are now hoping that the arrest of Sig. Alberti will help throw light on the wave of recent killings of police officers, politicians and magistrates in Palermo over the last two years.

Among the victims have been Sig. Piersanti Mattarella, the Christian Democrat regional president, Sig. Boris Giuliano, the deputy police chief of Palermo, and, only three weeks ago, Sig. Gaetano Costa, the deputy public prosecutor. All three were in different ways trying to break the intricate Mafia network of interests, which police believe stretches from the drugs traffic itself to "front" construction companies and money bank accounts to launder income.

Bonn's coal-gasification study nears completion

BY KEVIN DONE IN FRANKFURT

FEASIBILITY STUDIES for West Germany's first coal-gasification plants of commercial scale will be completed by the end of the year, according to the Federal Research and Technology Ministry.

Plans for the first coal-liquefaction plants will follow about nine months later.

The plants form part of a DM 13bn (£5bn) coal-refining programme sponsored by the West German Government and regarded as the cornerstone of West Germany's attempt to gain a major share of a world market for coal-refining technology which could be worth billions of pounds by the late 1980s.

But Herr Volker Hauff, the Research Minister stressed that liquefaction and gasification plants would still be providing only a small proportion of West Germany's energy supplies even by the end of the decade.

Oil and gas products derived from coal would meet only about 3 per cent of oil and gas demand by 1990, he said.

The Research Ministry is studying 14 coal-refining projects, which would altogether cost more than DM 13bn to build.

It is not clear how the programme will be financed. Herr Hauff said that the Government was still considering various forms of support from direct grants to equity participation.

Nine pilot plants are already working or are under construction in West Germany.

The Minister emphasised that the construction programme planned for the 1980s would enable West German makers of process plant to perfect coal-refining technology. This would be attractive for countries with large coal reserves.

The West German Government is trying also to promote the use of coal in district heating systems to replace part of the 24m tonnes of heating oil used in the country each year. But electricity could be more cheaply produced in large-scale nuclear power stations, Herr Hauff said.

To expand West German coal production from last year's 87.2m tonnes to 100m tonnes the year 2000 will require investment of around DM 8bn in new mines and further exploration and development, he said. Higher production levels would also need increased foreign labour.

Staggered increase for Swiss mortgage rates

BY JOHN WICKS IN ZURICH

A STAGGERED increase in the Swiss mortgage rate has been recommended by the Swiss Bankers' Association following postponement of plans to raise the rate in June.

The National Bank, which opposed the move in June, has now welcomed a rise in mortgage and savings rates in view of changed capital-market conditions.

New mortgages and all mortgages on commercial and industrial premises are likely to be raised on October 1. Interest on existing mortgages and on all agricultural mort-

gages will go up on March 1 next year at the earliest.

According to a joint statement by the bankers' association and the National Bank, the mortgage increase should not exceed that on savings accounts. It is expected that this will be at least half a percentage point and will be introduced on December 1 at the earliest.

FINANCIAL TIMES, published daily except Sundays and public holidays. U.S. subscription rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Clogs: Can you get too big for them?

We did \$3.2 billion worth of business last year. That's big by any standard. But our customers don't think we're big.

Normally this would be a cause for concern in some of the other international giants of our industry. But we didn't panic.

We surveyed our customers in France, Germany, Britain and, of course, in The Netherlands. We discussed it quietly with our many friends in America and China and in the rest of the Far East. In

fact, in 37 countries in all.

They all agreed. It's our style of doing business that gets them. You know, the sort of thing you get from the local corner shop. A bit of chat about world affairs. Decent prices that they know they can afford...

and then still come back for more. After all that research it turns out that our customers did \$3.2 billion of business with us because we're not too big for our clogs.



DSM chemicals and plastics

To find out how much more we do, write to the Information Department, DSM PO Box 65, Heerlen, The Netherlands.

This announcement appears as a matter of record only.

350,000 Shares

CHEMEX CORPORATION

Common Stock

These securities were placed privately through the undersigned.

MONTGOMERY SECURITIES

August 14, 1980

EUROPEAN NEWS

DUTCH AID TO YUGOSLAVIA

Investment as thank you for migrant workers

BY ALEXANDER LEBEL IN BELGRADE

THE NETHERLANDS is investing considerable sums in Yugoslavia to spur employment there. The policy has been adopted to compensate Yugoslavia for its provision of education, health protection, child welfare and other benefits to workers who have since gone to work in Holland. The policy is also intended to provide an incentive for Yugoslav workers already working in the Netherlands to return home to ease the employment problems of the host country.

Yugoslavia would like similar schemes to be established in other countries employing larger numbers of Yugoslav workers and believes such schemes should include other labour-exporting countries.

Two different programmes have been in operation for some time between Yugoslavia and the Netherlands and a third is expected to start soon. The first was arranged on a Government-to-Government basis and started in 1977. An agreement on technical co-operation aiming at the creation of conditions for the promotion of employment in economically underdeveloped areas of Yugoslavia was signed.

At first, the Dutch wanted to give grants for specific projects but the Yugoslavs objected to such projects receiving money which they need not repay because that would give them a competitive edge over others. It was decided that both Governments would select projects but that the loans would have to be repaid and the money would then be used for further projects.

The Dutch Government gave a grant of Fl 6m (£1.3m) as a

first slice and that was used for the construction of a timber factory at Rozaj, in Kosovo autonomous province, the least developed region of Yugoslavia, and a cement factory at Struga in Macedonia, one of the three underdeveloped constituent republics.

Another Fl 6m was promised by the Dutch but the Yugoslav side was slow in submitting proposals. Now it has proposed four projects and the Dutch side will shortly pick those to be financed. A joint evaluation committee has yet to meet to consider the results of the first two projects.

The second scheme is operated by the Dutch Government alone. Under it, Yugoslav workers in Holland—as well as workers from other countries—who return home may get up to Fl 100,000 part grant and part credit to start a business in their own country. So far 15 Yugoslavs have received payments and another eight applications are being considered.

In a typical case an applicant submitted a project worth Fl 116,000, of which he already had Fl 34,000. He was given Fl 22,000 with a loan of Fl 60,000 at 3 per cent for five years with a one-year grace period. In both Yugoslavia and Holland this is considered much better than the French scheme for paying foreign workers who go home and promise not to return to France a lump sum of Frs10,000 (about £1,000).

A third scheme which is to start before the end of the year will provide for education of returning Yugoslav workers at the expense of the Dutch Government, either in the Netherlands or Yugoslavia.

Record year for tourism expected by Belgrade

BY OUR BELGRADE CORRESPONDENT

THE NUMBER of foreign visitors to Yugoslavia is expected to be 10 per cent higher this year than last year and they will spend about 20 per cent more.

Officially registered gross earnings from tourism should amount to \$1.3bn (£549m), but actual spending by foreign tourists could be as high as a record \$1.9bn. This is because the official estimates take no account of foreign exchange that tourists pay directly to hotels and restaurants and that ends in private foreign exchange accounts at Yugoslav banks. Yugoslav dinars exchanged abroad by Yugoslavs and resold to foreign tourists are also not included in the official reckoning.

One cloud in the otherwise bright sky has been a drop in visitors from Britain. In the first six months of this year, there were 1 per cent fewer Britons than in the same period last year (124,249, compared to 125,061) and they spent 10 per cent fewer nights in the country.

Possible explanations are that Yugoslav advertising in Britain was inadequate last year and that after major increases in the last two years—a 60 per cent increase in nights spent in 1978 and a 20 per cent increase in 1979—it was unrealistic to expect the trend to continue. In the first half of 1980, Yugoslavs have travelled abroad less.

With higher gross earnings from tourism, this could help significantly in maintaining the country's invisible earnings which have been crucial to efforts to reduce the balance of payments deficit.

Remittances from Yugoslavs working abroad have fluctuated. In February and again recently, there have been rumours that the \$7.5bn in foreign exchange held by individual Yugoslavs at banks at home was to be converted into local currency. In February, \$500m was withdrawn in a few days and has only slowly been re-deposited, even though interest rates in Yugoslavia have been higher than those available in most foreign countries.

The Minister of Finance has emphatically denied that the Government is contemplating a move against foreign currency deposits but rumours persist.

Yugoslavia's agricultural production will also be very good this year. The total wheat harvest was 5.1m tonnes. But because the area under wheat has been reduced, Yugoslavia will still have to draw on foreign exchange to import several hundred thousand tonnes of wheat this year.

Recent rains have helped raise the yield of maize to 10m tonnes, and prospects for sunflowers and sugar beet are promising.



Mr. Mitsotakis: time is running out.

U.S. warned over bases in Greece

By Our Athens Correspondent

THE GREEK Government has warned Washington that unless Greece returns to the military wing of the North Atlantic Treaty Organisation soon the future of U.S. military bases in that country may be in jeopardy.

Mr. Constantine Mitsotakis, Foreign Minister, has denied that a deadline has been set for the negotiations for re-entry to NATO's integrated military structure. But he confirmed that the time during which Greece's application could remain pending was limited.

Mr. Mitsotakis said he had underlined this to Mr. Edmund Muskie, the U.S. Secretary of State, during the NATO Ministerial council in Ankara in June. The Greek Government's haste to settle the NATO issue may stem from the fact that the next general elections in Greece—due in November next year but likely to be brought forward to the spring—could change the strength of the political parties. A recent opinion poll showed that the popularity of the ruling New Democracy party is on the decline.

The poll showed that the Panhellenic Socialist Movement of Mr. Andreas Papandreu would probably make sufficient inroads to create a situation where no single party would have the strength to form a new Government on its own. If the Moscow-like Greek Communist party supports Mr. Papandreu in Parliament, he could become the next Prime Minister.

Although he has gained considerable ground through his anti-American and anti-NATO stand, Mr. Papandreu said recently that he would be unable to sever links with NATO abruptly or to shut down the bases should agreements be in force when he takes over. It would have to be a gradual process.

To press the U.S. State Department, which it believes has the power to curb Turkey's veto on Greece's unconditional return to NATO, the Government has adopted a tougher stand over the future operation of U.S. military installations in Greece. It repeatedly stresses that continued operation of these bases, which come under the NATO umbrella, will be unacceptable if Greece remains outside the Alliance much longer.

In addition to returning to NATO, from which they withdrew in August 1974 in reaction against the Turkish invasion of Cyprus, the Greeks also want assurances that U.S. military aid to Turkey will not be of a volume to upset the military balance of power in the Aegean region.

AMERICAN NEWS

'IMPRECISION' DELIGHTS CARTER CAMP

An oriental banana skin for Reagan

BY DAVID BUCHAN IN WASHINGTON

THE FIRST PHASE of the election campaign is shaping up a little better for President Jimmy Carter than his White House strategists dared hope a couple of weeks ago.

Mr. Ronald Reagan, the Republican challenger, first slipped a few notches in his lead in the opinion polls and has now skidded on the political banana skin of relations with Taiwan and China. Senator Edward Kennedy gave the President's economic plans some public support on the same day this week that his former deputy campaign manager, Mr. Patrick Lucey, joined the independent ticket of Mr. John Anderson with bitter words about Mr. Carter. While the Senate investigation of his brother Billy's Libyan links seems to be grinding to an anti-climax.

Mr. Reagan's backtracking over Taiwan has had the Administration rubbing its hands in glee, feeling that the Republican has made the point—better than his opponents could have—that he is out of date and confused about the complexities of modern diplomacy. After his running mate, Mr. George Bush, had received an apparent roasting from Chinese leaders in Peking, Mr. Reagan was forced to concede ruefully that he would not change the present level of relations with Taiwan.

Under the Taiwan Relations Act of 1979, the U.S. has ties only with "the people of the Taiwan" through ostensibly "unofficial" institutes, not embassies, in Taipei and Washington. Breaking formal links with Taiwan was the price Peking demanded for full diplomatic relations with Washington, and the Chinese leadership made it very clear to the hapless Mr. Bush—who must have known this full well from his 1974-75 post as head of mission in Peking for President Gerald Ford's Administration—that it would not accept Mr. Reagan's



Mr. Reagan (right) and his running-mate Mr. Bush clarify their China policy.

Administration reintroduction of a "two Chinas" policy. Mr. Reagan got himself into this mess earlier this month by explicitly calling for official government-to-government ties with Taiwan after his aides had made it known at the July party convention in Detroit that Mr. Reagan would "not turn the clock back" on U.S.-China policy.

But Mr. Carter's Administration greased the skin of the banana Mr. Reagan trod on. Just before Mr. Bush left for the Far East, the State Department briefed Chinese journalists on the theme that the Republicans were seeking a "Two Chinas" policy, ensuring that Mr. Bush arrived in Peking to a front-page denunciation in the People's Daily.

In terms of domestic constituencies—dangerous for presidential candidates to alienate—American Chinese are insignificant compared with, for instance, the U.S. Jewish community. Chinese emigrants to the U.S. come from China, Taiwan and Hong Kong, and all are fairly apolitical. Mr. Reagan's aides are, therefore,

probably right in claiming that the whole affair will pass largely unnoticed in the U.S. except among conservatives, who will feel Mr. Reagan made a valiant gesture towards a Taiwan "betrayed" by Mr. Carter's Administration.

Substance aside, Mr. Reagan's confused manner in the affair does damage to his image. Mr. Richard Allen, his foreign policy adviser, tried to gloss it over by saying: "In the course of a campaign one may not always be as precise as one wants to be." The Press will now be watching for future "imprecisions". So will Mr. Carter, who wants to get on with the business of debating with Mr. Reagan, and Mr. Reagan alone on television.

It was highly helpful to the Administration that, on Monday, Senator Kennedy met Mr. Carter at the White House for a preview of the President's economic renewal programme, due to be announced tomorrow, and a discussion of the role the Senator could play in the Democratic campaign.

The meeting was apparently much warmer than previous

encounters, and Senator Kennedy emerged saying the President's chances of re-election were "increasingly better every day," although he said he made recommendations as to how the job creation element of the economic programme could be improved. Mr. Carter is believed to be considering some \$5bn in public spending to re-train workers in the depressed car, steel and construction sectors, as well as a \$25bn tax cut in 1981.

Mr. Carter sorely needs to stop pro-Kennedy Democrats abstaining in the November election or, equally bad, following Mr. Patrick Lucey into the independent camp. Mr. Lucey had some stinging criticism of the President when he announced on Monday he had accepted Mr. John Anderson's invitation to be his running mate. Even before his nomination, opinion polls showed that Mr. Anderson was drawing up to eight times as much support from Mr. Carter as from Mr. Reagan.

Before selecting Mr. Lucey, Mr. Anderson had considered prising loose other, better-known Democrats still in elected office, such as Mr. Hugh Carey, Governor of New York, Mr. Richard Lamm, Governor of Colorado, and Mr. Kevin White, Mayor of Boston. None of these were ready to abandon their party and open themselves to the possible charge, come November, that by splitting the centre and left, they had helped Mr. Reagan into the Oval Office.

But Mr. Anderson's campaign claims, with some evidence, that there are liberal Democratic senators and congressmen running for re-election who privately want to see liberal voters attracted to the polling booth in November by an Anderson candidacy, but who would otherwise abstain if their only other plausible choice were Mr. Carter.

Return of Taiwan 'a major task' for China

By Tony Walker in Peking

CHINESE ANGER over the idea that a U.S. Republican Administration might upgrade relations with Taiwan is a reminder, if a reminder remains deadly serious about retrieving what it describes as the Province of Taiwan.

While Chinese rhetoric against Taiwan has softened and the bombardment of propaganda leaflets against the offshore island of Quemoy has ceased, China still invests enormous diplomatic effort in its ultimate goal—the reunification of Taiwan with the mainland.

Mr. Deng Xiaoping, the senior Vice-Premier, reminded leading officials in a speech on January 16 of three great tasks confronting China: opposition to Soviet expansionism, the return of Taiwan, and economic reconstruction.

Mr. Deng said: "We must strive to attain this target (reunification with Taiwan) in the 1980s and, even though there may be twists and turns of various kinds, it is constantly a major task on our agenda."

He then went on to link China's successful modernisation with the return of Taiwan. He said that if China's economy developed, "our strength for accomplishing unification will be different from what it is now."

China has forsaken all suggestions that it would use military means to secure reunification. It is now playing an altogether more subtle game. Gone is talk of liberation. In its place is frequent reference to the desire of people in both countries for reunification.



IVECO.

We're a lot closer than you think.

If our research in the world's truck markets has taught us anything, it taught us that there's no universally ideal vehicle.

One operator's driveline is another's headache.

That's why, when we've researched, developed and tested our vehicles, the final adjustments to specification are master-minded right here in the U.K.

Our on-the-spot knowledge of your needs is enabling us to fine tune our engineering and manufacturing to meet them exactly.

Perhaps better than most.

With the result that every Iveco truck, whether Fiat or Magirus, goes on to the road fully prepared for the demands to be made on it, and well able to cope.

You may not yet realise the extent of our investment in Britain. But you'll certainly find the benefits more and more valuable if your future is in road transport operation.

Iveco. Your long term partner in road transport.



MAGIRUS FIAT TRUCKS on the road to perfection

Iveco (U.K.) Limited, Road Five, Industrial Estate, Winsford, Cheshire CW7 3RB. Tel: 060 65 4411. Telex: 669022.

IVECO

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI
E.N.I.

(National Hydrocarbons Authority)

7% Sinking Fund Debentures due October 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on October 1, 1980, at the principal amount thereof \$1,666,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

01	07	12	16	18	20	25	31	51	62	63	69	70	82	91	92
75	1975	3875	6875	9175	12475	27675	33075	33775	37375	40275	41875	45775	47575	49075	49775
875	2475	4875	6875	10875	12675	28375	33775	37775	38075	41275	42875	48275	48375	49375	49575
12675	1375	5075	7175	11175	12775	28775	33775	37775	38075	41275	42875	48275	48375	49375	49575
1775	3275	5575	8875	10375	13875	28675	33975	33975	38675	41075	42375	48775	48775	49775	49775
1875	3775	6375	8875	11475	16075	28675	31975	36775	38675	41775	44475	48975	48975	49575	49575

On October 1, 1980, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 150 West Street, New York, N.Y. 10038, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg.

Debentures surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due October 1, 1980, should be detached and collected in the usual manner. From and after October 1, 1980, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent

August 20, 1980

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

M10447	10447	29737	39011	39097	39159	39185	39244	39260	39297	42360	42406	48544	48605	48644
10457	10457	31457	39147	39159	39185	39244	39260	39297	42360	42406	48544	48605	48644	48644
10457	11243	31457	39147	39159	39185	39244	39260	39297	42360	42406	48544	48605	48644	48644
10457	11243	31457	39147	39159	39185	39244	39260	39297	42360	42406	48544	48605	48644	48644

AMERICAN NEWS

Oil prices blamed in UN speech for inflation and slow development
Muskie urges OPEC to raise aid

BY OUR UN CORRESPONDENT

MR. EDMUND MUSKIE, U.S. Secretary of State, said the oil-exporting countries bore a unique responsibility for current world economic problems. In a speech to the UN General Assembly he appealed to them to adopt stable price and supply policies "to avoid further trauma."

Oil-exporting countries had to increase their foreign aid and recycle more of their surpluses directly to developing countries, he told the 153-nation body, now holding a special session on Third World development problems.

The oil exporters should join consumer nations in working out rational global energy arrangements, Mr. Muskie said. The developing countries have been reluctant to criticise members of the Organisation of Petroleum Exporting Countries in public for their predicament.

but Mr. Muskie said bluntly that rising oil prices "have been a ponderous drag on development and growth, and a major cause of inflation."

He reminded oil-importing Third World countries that their oil bill this year would be almost double the foreign aid received from all sources.

Alluding to the latest statement by the developing countries' Group of 77 which blamed the industrialised nations for their economic problems, Mr. Muskie observed that the developed nations of the Communist world also had global responsibilities. He urged the Soviet bloc to increase its aid to third world countries, to increase unconditional purchases of the developing countries' products, and to co-operate in international efforts to stabilise commodity markets.



Mr. Edmund Muskie... prices plea

President Ziaur Rahman of Bangladesh, first speaker in the debate yesterday, appealed to

OPEC to cut the price of oil to the least developed countries by half. He also suggested the creation of an international consortium to develop these nations' energy resources.

There should also be a "massive transfer of resources from the North to the South through taxation on international trade and arms expenditure," he said.

AP adds from New York: Mr. Michael Manley, the Jamaican Prime Minister, criticised the International Monetary Fund for its policies on capital and interest rates, saying 18 per cent interest rates "bordered on madness."

At least \$3bn (\$1.5bn) was needed annually on top of all present aid given to underdeveloped countries, he told a conference here. He criticised as "tragic" the Third World countries' \$4.5bn annual expenditure on arms.

Peru brings in wage and price rises

BY DOREEN GILLESPIE IN LIMA

THE GOVERNMENT in Peru has decreed a blanket wage increase as the first step of its wage and price indexing programme which Dr. Manuel Ulloa, Premier and Finance Minister, says will gradually restore purchasing power eroded by severe inflation over the last five years.

Dr. Ulloa is to outline the Government's five-year economic plan in the Senate today, but civil servants who have been holding strikes for the last

few months—starting before the end of the military regime on July 28—are getting 18 per cent pay increases. They are also to receive a monthly cost-of-living bonus equivalent to about £11 (Soles 8,000).

Employers and workers in the private sector are also to receive the cost-of-living bonus, although further increases are negotiable. The minimum wage has also been raised by 15 per cent.

The first government-decreed

price increases have come into effect with a 15 per cent rise in electricity rates for Electroperu, the state electricity company, which is running at a loss, and a 47 per cent increase in sugar prices, which are heavily subsidised by the state.

Dr. Ulloa said that there would not be the traditional package of price increases which the military government established, although petrol prices are expected to rise gradually.

President Fernando Belaunde's Premier has already said that projected inflation this year is again expected to be above 60 per cent, although the former military regime had been forecasting 40 per cent for 1980.

It is hoped that the increases will settle disputes in small and medium-size mines, where companies say a month-long strike is causing the country losses of \$175,000 a day.

Bolivia to expel journalist

LA PAZ—BOLIVIA'S military government has confirmed the arrest of Mr. Albert Brun, Lima-based correspondent of Agence France Presse, and said he would be expelled from the country.

Sen. Daniel Salamanza, Under-Secretary of the Interior, made the announcement on state-owned television.

He charged that Mr. Brun, who was arrested at a La Paz hotel on Monday, had transmitted "false" reports and would be expelled "ignominiously." He did not elaborate.

The French embassy said the correspondent, a French national, was taken from the Sheraton Hotel by seven men in civilian clothes and brought to the Ministry of the Interior.

The embassy said the men took away a typewriter that the news agency was using to transmit dispatches from the hotel.

Mr. Brun arrived in La Paz last week, but had been sharply criticised by the government for his report of the July 17 coup that toppled President Lidia Gueiler.

The news agency began working from the hotel after its transmitting facilities were destroyed by the new right-wing military. At least 30 journalists have been arrested, although most have been freed shortly afterwards.

Miss Mary Helen Spooner, 28, a Financial Times correspondent, spent six days in a cupboard at Sen. Luis Arce Gomez's interior ministry, after being accused of defaming Bolivia.

Mr. Brun is 60. He was born in Spanish Morocco.

AP

Pilots challenge FAA jet ruling

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Federal Aviation Administration yesterday certified the airworthiness of the DC-9-80, a new McDonnell Douglas jet, to be flown by a two-pilot crew, and ran into criticism from the Airline Pilots Association which wants the jets operated by a crew of three.

"All the tests have been completed and everything seems to be in order," Mr. Langhorne Bond, the FAA chief, said yesterday of the certification order. But ALPA, the pilots' association, with 33,000 members, challenged the FAA's

certification methods in a court suit filed yesterday. Certification of the "Super 80" aircraft was delayed by two accidents earlier this year which damaged two of the test jets. Entry into service of the aircraft is important to McDonnell Douglas, which also makes the DC-10 models that were grounded last summer after one crashed at Chicago.

ALPA, which is concerned about jobs for its members, says it is also concerned that safety might be compromised in the aircraft without a three-man cockpit crew. An ALPA official

complained yesterday to a Senate committee that the FAA and other Government agencies had undertaken insufficient research into the human causes of accidents.

Mr. Jack Howell, who heads ALPA's safety division, said that human factors were responsible for 60-80 per cent of accidents, and the question of crew workload needed more study.

The pilots' association is concerned that the "Super 80" decision might set a precedent for FAA rulings on the Boeing 757 and 767 jets in the next couple of years.

Output targets for cars lowered

DETROIT—U.S. auto makers have set conservative production schedules to the end of the year because they expect only a modest improvement in the present lack-lustre sales figures.

The output plans mean that industry strategists, despite optimistic pronouncements that introduction of 1981 models will push the market into an autumn recovery expect a weak model-year launch.

As a result, auto makers are planning assemblies for the fourth quarter nearly 6 per cent below weak levels in the previous year, and are setting September schedules more than

9 per cent below the same period last year.

As expected, U.S. auto makers intend to turn out as many as possible of the smaller, more fuel-efficient models to be introduced this autumn.

Auto companies plan to build about 1.7m cars in the U.S. in the fourth quarter, down from nearly 1.8m a year earlier. Production could be trimmed further if sales do not improve.

New cars normally boost sales. This year, however, production planners are betting that high interest rates, general weakness in the economy, and a shortage of the small cars increasingly demanded by the

market will make any sales improvement slight.

General Motors' sharp drop from the previous year's schedules reflects the careful approach used by the car makers this year to determine output plans. GM's tentative plans could change soon after executives review the numbers.

GM's expected reduction in assemblies from the final quarter more than outweighs the year-to-year increases projected by Ford Motor and Chrysler, both of which are counting on brisk sales of their new front-wheel-drive models to help boost overall production.

AP-DJ

Strikers shut big Argentinian steel plant

BUENOS AIRES—Workers protesting against the reduction of overtime-shift wage differentials shut down one of Argentina's largest steel plants.

The strike by 1,200 employees at Gurmendi's plant in suburban Avellaneda reflects the problems connected with Argentina's

anti-inflation programme, which has thrown the economy into recession.

Gurmendi, a major private steel company, laid off 600 workers at the plant after reporting operating losses equivalent to \$10m in the first quarter of this year, compared

with profits last year. The company blamed cheap foreign steel.

The Government has supported the peso at an artificially high rate to make imports cheaper and force local manufacturers to produce more efficiently.

AP

OVERSEAS NEWS

UAE may cut oil output
—Minister

THE UNITED Arab Emirates

may reduce oil output if pressure builds up for a cut in prices, Mr. Mansour Al-Otaibi, UAE Minister, told the UAE newspaper Al-Bayan. Reuter reports from Abu Dhabi.

The world market was "soft" at present because of surplus supply, but this would not last, Mr. Al-Otaibi added. The UAE has already announced a cut of 80,000 barrels a day from 1.7m, from August 1.

Oman's crude oil exports rose to 9.18m barrels in July from 7.67m in June, the oil company Petroleum Development of Oman said. AP adds from Muscat. July exports averaged 296,000 b/d, and the Government plans to raise this to 350,000 b/d by the end of the year.

Iran executes 10

Ten people convicted of taking part in an alleged coup plot last month were executed in the central Iranian city of Isfahan yesterday, the state radio said, Reuter reports from Tehran. This brings to 74 the number of those sent before firing squads in connection with the plot. Court officials say more than 300 people were arrested. Ayatollah Khomeini has called for death sentences on all those involved.

Mr. Nasser Minachi, Iran's moderate National Guidance (Information) Minister, has offered his resignation to President Abol Hassan Bani-Sadr, the official news agency said. Mr. Minachi had had no prospect of being included in the new Cabinet, now being formed, a spokesman for the President said.

India oil talks

Indian officials have begun preliminary discussions with representatives of major oil companies within two weeks of announcing a new policy inviting foreign co-operation in India's crude oil exploration, according to the Asian Wall Street Journal. AP-DJ reports from New Delhi. Two officials of British Petroleum (BP) have visited New Delhi to outline the company's capabilities in offshore and land exploration, and other oil concerns have made inquiries through representatives in India. Indian officials say they are encouraged by the swift response.

Curfews relaxed

Curfews were relaxed yesterday in three of the five north Indian towns where clashes between Muslims and police earlier this month claimed 155 lives, the Press Trust of India said. Reuter reports from New Delhi. No violence has been reported anywhere in the northern state of Uttar Pradesh in the past 24 hours. Police and paramilitary forces are continuing round-the-clock vigils in the riot-affected areas as a precautionary measure. Annual college examinations in Moradabad, where the violence began after pigs, regarded as unclean by Muslims, were reportedly sighted near a mosque, have been postponed indefinitely.

Sydney dock peace

Sydney dockers who have been on strike for nine days decided at a mass meeting yesterday to return to work from this morning. A Waterside Workers' Federation official said, Reuter reports. The dispute, over work rosters, halted all cargo ship movements in the port. The men had authorised union officials to take further industrial action if talks aimed at settling the dispute failed, the official added.

China's finance minister loses post in reshuffle

BY OUR FOREIGN STAFF

A MAJOR reshuffle of the Chinese Communist leadership began yesterday, with Ministers of Finance and Agriculture being relieved of their posts. News of the changes came after a meeting of the party of old age, while Wang has taken over the important portfolio for propaganda.

The week ahead is likely to be a momentous one in Chinese politics. Numerous prominent leaders, including Chairman Hua and Deng Xiaoping are likely to give up some of their posts. "Far-reaching" reforms are promised, and plans for trying the disgraced "Gang of Four" may be unveiled.

The legislation to be introduced at the NPC session, which will last two weeks, will include a nationality law, a marriage law and a law introducing in-

come tax for individuals and joint venture companies involving foreign capital.

The congress will also approve a change in the constitution abolishing the right of Chinese citizens to paste up the so-called "Big Character" posters such as those placed on the now-banned Democracy Wall.

The economic accounts for this year and next year are expected to be announced on the first day of the Congress on Saturday.

Reuter adds from Peking: Mr. Leonard Woodcock, U.S. Ambassador to China, was called to the Foreign Ministry in Peking yesterday, evidently in connection with recent statements on Taiwan by Mr. Ronald Reagan, the U.S. Republican Presidential candidate.

The officials who met for three days in Bulawayo, agreed to undertake a long-term examination of their trade outlets. The key to re-opening trade will clearly be Mozambique's ports of Nacala, Beira and Maputo, all of which, Mozambican officials say, are working at a fraction of their capacity.

In a communiqué after the meeting, the officials said Zimbabwe's rail link with the deep-water port in Maputo should now be re-opened to "limited traffic" by October—three months earlier than expected. The line had been damaged on both sides of the border during the Rhodesian war and about 50 miles of track need relaying on the Zimbabwe side.

Beira's usefulness is limited by frequent silt-up of the harbour which allows only vessels of less than 25,000 tonnes to use it.

Zambia and Zaire have both given political pledges to divert copper through Mozambique's ports.

Pretoria moves to curb lending by SA banks

BY BERNARD SIMON IN JOHANNESBURG

WARNING that South Africa's present high growth "would be difficult to sustain," Dr. T. W. de Jongh, the Governor of the South African Reserve Bank, yesterday announced measures to restrict bank lending. He also hinted that hire purchase conditions may be tightened to slow accelerating consumer spending.

Delivering his valedictory annual address in Pretoria, Dr. de Jongh said: "It has now become more necessary to exercise strong financial discipline, and this applies particularly to the control of the money supply and the mopping up of excess liquidity."

Dr. de Jongh's warning comes at a time of growing concern at South Africa's stubbornly high inflation rate—now around 15 per cent—and deteriorating current account of the balance of payments. Dr. de Jongh disclosed that despite the high gold price, the current account surplus had plunged from an annualised R7.2bn (£4bn) in the first quarter of 1980 to less than R0.8bn (£480m) in the second quarter, largely because of sharply rising imports.

Dr. de Jongh said that Gross Domestic Product grew by an annual rate of 10.1 per cent in real terms during the first quarter of 1980, compared to a rise of 4 per cent during 1979. He said that the growth would be "more than 7 per cent this year, the highest growth rate since 1974."

Dr. de Jongh said that tax



Dr. Treurnicht de Jongh

concessions now being implemented and higher wage settlements will further stimulate consumer spending. But he added that "the latest data indicate a growth rate, which would be difficult to sustain."

As from the end of August, large banks' cash reserve requirements will be raised from 7 per cent to 10 per cent of their short-term liabilities. In addition, their prescribed holdings of liquid assets will be increased from 55 to 58 per cent of short-term liabilities. Similar restrictions will apply to medium-term liabilities and to smaller banks.

ISRAELI FRICION WITH JORDAN LIKELY

Dead Sea canal plan goes ahead

BY DAVID LENNON IN TEL AVIV

ISRAEL is seeking investors for a \$700m (£297m) project to build a canal from the Mediterranean to the Dead Sea, to generate electricity by utilising the fall of the water down to the Dead Sea.

Mr. Yitzhak Mordechai, the Energy Minister, said a group of businessmen from North and South America have expressed interest in the project. Israel believes the project could realise a profit of over \$1bn in the 50 years after the hydro-electric scheme begins to operate.

Mr. Mordechai dismissed as unlikely political complications with Jordan which controls half of the Dead Sea and its mineral resources, despite the fact that the project would gradually raise the level of the

landlocked sea.

He also rejected complaints that routing the proposed canal through the Israeli-occupied Gaza Strip could jeopardise the Palestinian autonomy talks.

The project, approved in principle by the Government this week, is expected to take eight years to complete. Once in operation, it should provide 600 megawatts of electricity a year—roughly 15 per cent of Israel's need by the beginning of the 1990's.

Originally envisaged at the turn of the century, the canal project has become feasible because of the fuel price spiral, according to Prof. Yuval Ne'eman, chairman of the public steering committee whose recommendations for government and private financ-

ing have been adopted by the Cabinet.

The Government has also accepted the route proposed by the committee, thus ending years of debate. The canal will run across the Negev Desert just south of Beersheva and enter the Dead Sea south of Masada.

Rami Khouri said from Amman: Jordan has rejected the Israeli Cabinet's announcement earlier this week of plans to build the canal. According to Mr. Ali 'Ensour, Jordan's Industry Minister, a unilateral Israeli canal-building project "would violate accepted international conventions requiring all countries bordering on a water body to agree to any new schemes affecting its character and use."

Business as usual, despite the vision of 'Thailand Inc'

BY DAVID BUTLER IN BANGKOK

BANGKOK IS the only city where, if it's August and there are no coup rumours, that's news.

This particularly arises from mandatory retirements in the armed forces every October 1, and a consequent reshuffling in the upper echelons. Starting in 1975, an irregular change of government or a coup took place each October for three years running. This political instability, as well as severe inequalities in the distribution of wealth, are the main restraints on more active multinational investment in Thailand's impressively steady growth.

Real gross national product rose by 6.5 per cent in 1979. Official and other estimates predict an almost equally good performance this year. The Japanese, the largest and by general consensus the most far-sighted foreign investors, continue to have confidence in Thailand's prospects. Many multinationals already in Thailand plan to expand. Shell, Esso and Caltex all hope to participate in long-overdue expansion of refining capacity. Tyre manufacturers like Good-year and Firestone have exceeded domestic demand but continue to expand. Local subsidiaries of National Semiconductor, North American Philips and Honeywell are pro-

ducing integrated circuits for the U.S. market.

With a population of nearly 50m, Thailand's domestic market is among the largest in the Association of South-East Asian Nations, which links Thailand with Malaysia, Singapore, Indonesia and the Philippines. (Indonesia's population is three times as great, but the two countries' purchasing power is roughly equal.) Bangkok is a centre for regional air traffic, with good internal communications which are rapidly improving. Thailand is one of the world's biggest agricultural exporters and, apart from tin, its extensive mineral resources are largely untapped.

Any comparison of the advantages of the five states depends on the nature of the investment. Except for projects requiring land, Singapore is the clear regional favourite. The Philippines, Indonesia and Thailand are all roughly comparable by many measurements, running from national purchasing power to the ability of their bureaucracies to make life frustrating.

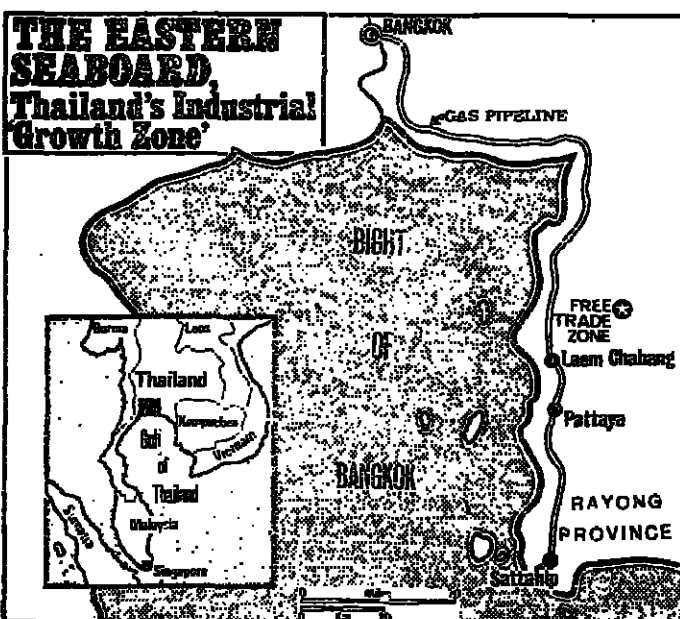
Yet foreign investment is running at less than half the early 1970s level. Student-led demonstrations at that time against foreign participation in tin mining, and against Japanese investment in general, scared away the major mineral-dependent multi-nationals. More recently, the conflict between

Thailand and Vietnam over Vietnam's occupation of Kampuchea has probably discouraged investors.

A strain of intense nationalism always lies close to the surface. But since October 1978 when Thailand reverted to a system of limited democracy firmly guided by the armed forces, student demonstrations against any target not of the Government's choosing have been out of the question. And interviews with Western diplomats and businessmen revealed no one who considered the Vietnamese threat to Thailand's security significant.

The greater threat comes from the country's low-level but persistent indigenous Communist insurgency, and the deep structural inequalities it feeds on. But those problems are very long-range indeed. More immediately, businessmen complain of the delays and other difficulties caused by frequent changes at the top and by the lack of consistent policies among ministries and departments. To a lesser degree, they complain also of the pay-off sometimes made to cut through the red tape.

The latest change in Government came last February, when Gen. Prem Tinsulanonda succeeded Gen. Kriangsak Chomanan as Prime Minister. Gen. Kriangsak's Government fell because of economic issues.



Gen. Prem, who has a reputation as an extremely competent and honest soldier, has no pretensions to economic expertise. But he has broader support in the civilian power structure than Gen. Kriangsak did. The general population, as well as his rivals inside and outside the army, seem willing to give him plenty of time to deal with the economic problems—all of which are exacerbated by Thailand's total reliance on imported crude oil. Hence the

lack of coup rumours even as October approaches.

Gen. Kriangsak yielded gracefully to Gen. Prem when it became clear he had lost the confidence of the country's elected representatives. Both he and another former military strongman are considering forming new political parties. Indeed, Thai politics, since a morning of devastating violence in October, 1976 which ended a chaotic three-year experiment with democracy, has been charac-

terised by a unique accommodation among the generals and the civilian politicians. "We are past the dictator stage," says an economist at the Bangkok Bank. "Our tradition is now more democratic."

The economist was too tactful to want to be quoted as saying so, but the clear implication was that other Association of South-East Asian Nations members—notably the Philippines and even Indonesia—may still have to go through the same kind of violent popular upheaval which Thailand experienced.

Gen. Prem named Mr. Boonchu Rojanasthien, a dynamic, internationally minded banker, as Deputy Premier for Economic Affairs. Two months after taking office, Mr. Boonchu announced his intention to create "Thailand, Inc." All branches of the Government would work together to speed up projects, he said. Even areas traditionally reserved for the Government would be open to multinationals.

One main feature of Mr. Boonchu's "Thailand, Inc." proposal is his promise that "All major projects, from now on, can be sent directly to the Prime Minister's office and I shall personally see that they are acknowledged and speedily considered." Second is his pledge that multinationals will be invited to build and run

public services normally reserved for the state. But the first promise means cutting out the Board of Investment, and the second directly challenges the big, powerful state enterprises traditionally run by the armed forces. Mr. Boonchu is taking on well-entrenched interests. He will succeed only if Gen. Prem stays in office for years.

Further, in the same month that Mr. Boonchu unveiled his vision of "Thailand, Inc.," the Government introduced tax changes designed to build up the middle and lower classes, at the expense of the rich. Corporate income tax jumped from 35 to 45 per cent, while taxes on offshore dividends dropped from 25 to 20 per cent. The net result is that companies neither traded on the stock exchange of Thailand nor promoted by the Board of Investment pay a total business tax of about 54 per cent. For foreign companies, the effect of the package, with its hefty increases in top-bracket personal income taxes, depends on the company's size, the number of expatriates it employs in Thailand, and whether or not it can make use elsewhere of foreign tax credits earned here.

Nevertheless, Mr. Boonchu is seen here as a proponent of rapid, major change fuelled by private enterprise. He believes

that Thailand should accelerate its trend away from import-substitution and towards export-oriented industries based on relatively cheap labour and abundant natural resources.

If Mr. Boonchu had the power of a real economic czar, Thailand might become a bonanza for investors. Estimates of reserves of natural gas in the Gulf of Thailand exceed 10 trillion (million million) cubic feet, with production from fields developed by Union Oil due to start late next year. Plans call for a "growth zone" along the 100-mile eastern seaboard from Bangkok down to Sattahip, where the gas pipeline will come on shore. The strip will include a free trade zone, a gas processing plant and fertiliser and petrochemical plants.

But, typically, a difference of opinion exists between Mr. Boonchu and his own Industry Minister over the site for the zone's major industrial complex. Mr. Boonchu favours Rayong province, just east of Sattahip, while Gen. Chatichai Choonhavan, the Industry Minister, wants the plants in Laem Chabang, near the beach resort of Pattaya.

"When this Government first came in, I really thought things were going to be different, one veteran foreign businessman said recently. 'Now I'm afraid it's just business as usual.'"

The new 1.7 litre Morris Ital accelerates from 0-60 mph in 12.7 seconds – as fast as a BMW 316, and overtakes faster than a Mercedes 200 (independent AA test figures).

And yet it does 40 miles to the gallon* which is even better than a 1300cc Fiat 131.

It costs even less to insure than the small Renault 5TS.

Power and Performance

The 1700cc 'O' Series overhead camshaft engine with

The new Morris Ital.

Both engines feature an award-winning temperature-controlled air intake and ballasted ignition coil for better cold starting.

Peace of Mind

The new Ital's servo assisted brakes are in a failsafe dual circuit system. Anti-roll bars are standard front and rear on the saloon.

of the quietest cars in its class and there is a five push button radio** to prove it.

The cloth trimmed, sculptured seats are as beautiful as they are comfortable and recline on HL and HLS models.

Strength and Durability

The Ital body has more welds per foot than most manufacturers demand.

Full underbody sealing and wax injection of sills and cross-members.

The five coats of paint are inspected and rubbed down by hand. Stoving to 125°C and new processes ensure a high gloss finish.

The Morris Ital incorporates over 120 major and detailed engineering

non-stop at full power.

Undergone torturous durability tests over cobbled roads, deep potholes and high kerbs again and again. And even been driven into a 100 ton concrete block at 30mph.

Easy on the Pocket

Main service intervals have extended to 12,000 miles.

This has been achieved with engineering developments like sliding contact breaker points and long-life plugs.

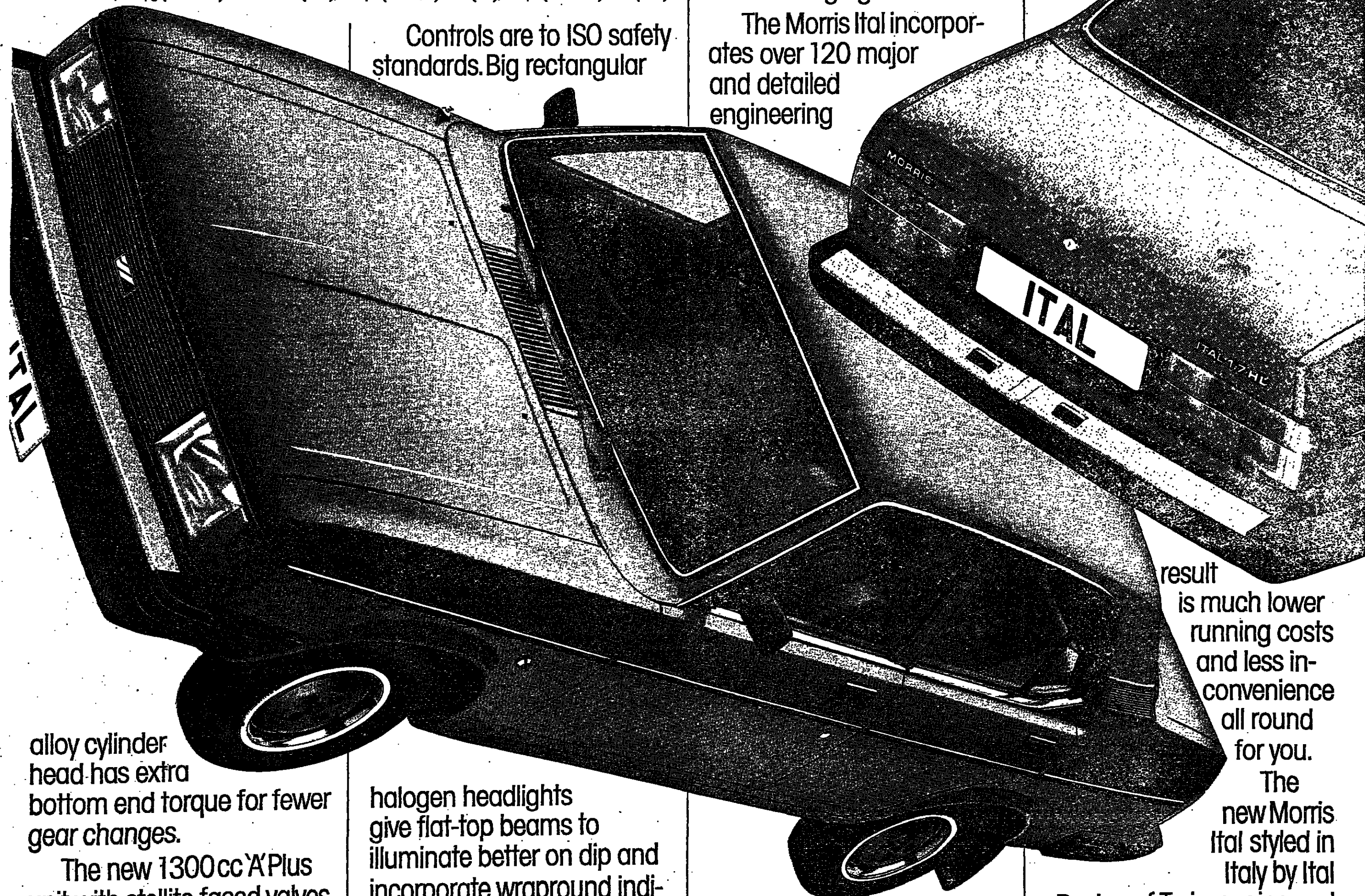
Add to this low cost insurance, spare parts and Supercover and the

All Morris Itals achieve 30mpg in Urban Driving.

Official Government Fuel Figures.*			
	Urban	56mph	75mph
1.3 Manual Saloons	31.7	45.0	34.0
1.7 Manual Saloons	30.0	40.1	28.1
1.3 Manual Estates	31.7	44.5	33.5
1.7 Manual Estates	30.0	39.6	27.7

1.3 Manual Saloon: (1/100Km). Urban – 8.9.90Km/h – 6.3.120Km/h – 8.3.
1.3 Manual Estate: (1/100Km). Urban – 8.9.90Km/h – 6.4.120Km/h – 8.4.
1.7 Manual Saloon: (1/100Km). Urban – 9.4.90Km/h – 7.1.120Km/h – 10.0.
1.7 Manual Estate: (1/100Km). Urban – 9.4.90Km/h – 7.1.120Km/h – 10.2.
Fiat Mirafiori 1300: mpg (1/100Km). Urban – 25.7. (11.0), 56mph (90 Km/h): 38.7 (7.3), 75mph (120 Km/h): 27.7 (10.2).

Controls are to ISO safety standards. Big rectangular



alloy cylinder head has extra bottom end torque for fewer gear changes.

The new 1300cc 'A' Plus unit with stellite faced valves, twin manifold exhaust and viscous coupled fan, has uprated top speed and acceleration but returns an incredible 45mpg*.

halogen headlights give flat-top beams to illuminate better on dip and incorporate wraparound indicators.

Big resilient bumpers shrug off parking bumps.

An all new Acoustic Control Pack makes the Ital one

advances to ensure reliability.

The whole car has passed merciless tests.

It has driven many thousands of high speed miles,

result is much lower running costs and less inconvenience all round for you.

The new Morris Ital styled in Italy by Ital

Design of Turin, engineered and built in Britain.

A QUALITY PRODUCT WITH SUPERCOR FROM

MORRIS
A range of 10 saloons and estate cars from £3736.

Styled in Italy. Built in Britain.

For free colour literature write to: Ital Information Services, P.O. Box 4, Cowley, Oxford. Price correct at time of going to press. Excludes number plates and delivery. Ital Illustrated is the HL with optional passenger door mirror and head restraints. **HL and HLS models only.

WORLD TRADE NEWS

Egyptair cancels DC-10 contract

CAIRO—Egyptair has decided to cancel a contract with McDonnell-Douglas of the U.S. for the purchase of four DC-10 jetliners because of financial inability to cover the cost, AP-DJ reports from Cairo.

The U.S. company was informed of the Egyptian decision during a meeting in Cairo yesterday with Mr. Gamal el Nasser, the Minister of Tourism and Civil Aviation.

The financial problem was caused by a recent \$200m (£84m) deal with the European Airbus Industrie consortium for purchasing three medium-range aircraft.

Egyptair decided in April last year to buy the DC-10s, which together with the three Airbus add up to a \$400m package. But the deal was frozen after a DC-10 crashed in Chicago, killing 273 persons.

Several times after that, the Egyptian board of directors voted to go through with the McDonnell-Douglas deal but their decision has been stalled.

No further details were given and Egyptian and U.S. aviation officials were not available for comment.

Alan Mackie in Cairo adds: Egypt and the U.S. signed an agreement on Sunday which should facilitate U.S. involvement in Egypt through double taxation relief. The main benefit of the agreement, however, which was 20 years in preparation, is that it will regularise the tax position of U.S. companies operating in Egypt.

Previously, this was a major stumbling block. The agreement has to be ratified by the Egyptian Parliament and the U.S. Congress before coming into operation next January.

Japan boosts W. German car sales

BY KEVIN DONE IN FRANKFURT

JAPANESE car makers are set to take over from the French as the leading car exporter to West Germany, West Europe's largest national car market.

Figures released yesterday show that the Japanese won 9.5 per cent of new car registrations in the Federal Republic in the first seven months of the year, compared with a share of 9.7 per cent secured by the French.

A year ago, Japanese cars were still taking only 5.1 per cent of the German market, but their major sales offensive of the past two years appears to have guaranteed them a share of at least 10 per cent by the end of 1980.

In the first seven months of 1980 the Japanese sold 151,398 cars, a dramatic jump from last year's total of 91,621 in the corresponding period. Their surge into the German market has been made even more pronounced because of the sharp overall fall in new car registrations in the Federal Republic.

The French, hitherto clearly the leading foreign presence, have seen their market share whittled down to 9.7 per cent compared with 10.3 per cent a year ago, while their volume sales have fallen from 184,290 to 154,644 in the first seven months of 1980. The Italian car

makers have also seen their market share fall from 4.4 per cent to 4.2 per cent.

Against the general trend in the market all the major Japanese makers have increased their volume sales. Toyota nearly doubled its market share from 1.2 per cent to 2.3 per cent (sales of 36,679), while Mazda is claiming 1.7 per cent of the market, against 1.0 per cent 12 months ago. Honda 1.8 per cent (1.0 per cent) and Datsun 1.9 per cent (1.2 per cent). Mitsubishi has 1.5 per cent of the German market.

Overall new car sales in West Germany have fallen by no less than 10.9 per cent in the first seven months of 1980 to 1,550m compared with 1,790m in the corresponding period last year.

The West German Government has pronounced itself firmly against placing any selective restriction on Japanese imports, although growing redundancies in the West German motor industry and short-time working at several plants is leading to stronger pressure from the trade unions for some form of action. The Federal Government will go no further than suggesting that the Japanese should place themselves under voluntary restraint.

Honda launches its BL family saloon

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HONDA HAS launched in Japan its new medium-sized car, a version of which will later be produced in Britain by BL.

Honda plans to produce about 3,000 a month of the car, called the Ballade, and the company's president, Mr. Kiyoshi Kawashima, said Honda is studying when, where and how many of the new models it would export.

Under the terms of its arrangement with BL, Honda can export the car to all

markets outside the EEC as it is presently constituted leaving the UK group to export its own cars.

The Ballade is a four-door, five-seater with front-wheel drive powered by an 80 hp, 1,500 cc engine for which Honda claims a fuel consumption of 10.8 miles per litre.

BL is expected to bring the Bounty into production at its Cowley plant in mid-1981, initially at the rate of 40,000 to 50,000 a year but should push

up output to 80,000 by 1983 or 1984.

All engines and transmissions for the Bounty will be supplied by Honda from Japan.

Meanwhile, Leyland Vehicles, BL's commercial vehicle subsidiary, has opened up another new market for double-decker buses. It has won an order for 100, worth around £5m when spares are included, from the Indonesian capital of Jakarta.

Double-deckers have been used in Hong Kong for many years but more recently other

Far Eastern territories which also suffer from traffic congestion in major urban areas have started buying this type of bus.

Singapore has introduced 220 double-deckers in the past three years, for example, and the success of these Leylands in operation helped Jakarta make up its mind.

Recently eight Leyland Atlanteans were handed over to the Jakarta transport company, supplied as part of a UK Government aid programme.

Tokyo to tighten Mid-East money ties

TOKYO—The Japanese Government believes it unnecessary at present for direct loans from Arab oil-producing countries such as Saudi Arabia, because large amounts of petrodollars are flowing into the country through private channels to improve Japan's balance of payments, Finance Ministry officials said.

A Ministry delegation's visit to the Middle East for two weeks starting next Friday will be primarily aimed at forming close contacts in case the need to borrow arises in the future, they said.

The delegation, led by Mr. Takashi Kato, the International Finance Director, will also discuss ways to recycle petrodollars to non-oil producing developing countries in its talks with the monetary authorities of these nations, the officials said.

In 1974 Japan borrowed \$1bn from the Saudi Arabian monetary agency (SAMA) to support its foreign exchange position following the oil crisis of 1973, but the five-year loan was repaid last October.

Hundreds of billion yen worth of petrodollars have flowed into Japan in recent months through the stock market as well as the secondary

bond market, the officials said, and a large part of the petrodollar inflow is considered long-term investment.

Japan's overall balance of payments had a July surplus, amounting to \$320m, for the first time since September 1978, and an active inflow of petrodollars has been continuing this month, the officials said. Reuter

China set to build more hotels

PEKING—China has signed agreements with foreign companies for the construction of 20 hotels in various tourist centres, and talks are under way for more hotel construction with overseas investment and participation, the New China News Agency (NCNA) reported.

The hotels are needed to help overcome the shortage of accommodation which, in some places, such as Peking, has become acute.

NCNA said eight hotels with a total of 880 rooms are already in service, while six others with a total of 2,900 rooms are under construction. Work will start soon on the other six hotels with a total of 5,750 rooms, it said.

There is also a domestic hotel construction programme, under which five hotels with a total of 956 rooms have been built and another 19 with a total of 5,750 rooms are under construction.

More than 50 guest houses with a total of 10,000 beds have also been opened. Reuter

Bulgaria, Libya in truck deal

Libya and Bulgaria have set up a joint venture trucking company to try to ease Libya's transport difficulties, Patrick Cockburn writes.

These were exacerbated last year when the Libyan leader, Colonel Muammar Gaddafi, announced that all local truck drivers were in future to own their own trucks. For a short period the police immobilised trucks whose drivers' name did not appear in the log book. The Bulgarian state trucking company is now believed to be the largest single international trucking enterprise in the world, using some 4,500 trucks on international routes.

Hungary banks in trade group

The Hungarian Foreign Trade Bank and 38 foreign trade companies have founded a foreign trade association, Reuter reports from Budapest. Members of the association, which will contribute to ventures from their own development funds and share profits and risks, the official MTI news agency said. The companies' combined resources will make investments aimed at increasing the competitiveness of products and raise foreign sales.

Petromin calls for tenders

Petromin and Shell Saudi Arabia (Refining) have asked Shell International Petroleum Marketing Ltd. in The Hague to invite tenders from three international contracting consortia and their Saudi Arabian associates for the construction of a joint venture 250,000 b/d refinery at Al Jubail in the Eastern Province. The consortia invited to bid are Pullman Kellogg/Japan Gasoline/Daewoo, SNAM Progetti/Foster Wheeler and Technip/Parsons/Chiyoda.

UK conference on Greece

Financial Times Reporter A conference examining opportunities for British industry in Greece once it becomes a member of the EEC is to be held at the Confederation of British Industry's headquarters in London on October 22. The conference is being sponsored by the CBI in conjunction with the British Overseas Trade Board, the British Hellenic Chamber of Commerce and the Federation of Greek Industries.

British industrial sectors most likely to benefit from Greece's entry to the EEC include computers, power generation, agricultural machinery, machine tools, contractors' machinery, food processing, effluent treatment plant, mining and metals, hospital equipment and railway equipment.

Peking offers 15% tax rate to foreign enterprises

BY TONY WALKER IN PEKING

FOREIGN enterprises operating in special economic zones established in Guangdong Province, South China, will be taxed at a rate of 15 per cent, it was announced yesterday by the standing committee of the National People's Congress.

The committee is meeting this week to prepare for the National People's Congress (China's Parliament) which begins a two-week session at the weekend.

The low tax rate is being offered as an inducement to business to set up in three special zones in Guangdong. An economic zone is also being established in nearby Fujian Province, but regulations have yet to be forwarded for central Government approval.

Foreign businesses setting up in Guangdong will not pay import duties on items needed for the enterprise. Consumer goods, however, may attract duties, depending on circumstances.

No restrictions on remitting profits were mentioned in the regulations. For example, no reference was made to a withholding tax.

Businesses will be prevented from selling their product within China, unless they receive special permission. In these cases, products will attract Customs duties.

The special economic zones are a device by which the authorities hope to confine

foreign investment to set areas in Guangdong's case, close to Hong Kong.

During the National People's Congress over the next few weeks a tax rate for joint ventures outside the zones will be announced. That rate is expected to be about 30 per cent.

According to the standing committee, "assets, profits and other legitimate rights and interests" of businesses establishing in the economic zones will be protected under Chinese law. Land in the special zones will remain the property of China. Rents, according to the announcement, "will be reasonable."

Meanwhile, the standing committee confirmed that a state energy commission had been established under Mr. Yu Qian, the former head of the State Planning Commission. The energy commission's task will be to oversee energy development in China, including the activities of various energy ministries.

"It is of great importance for China to strengthen energy management and exploit and utilise it rationally so as to guarantee a sustained and stable growth of the economy," Mr. Yu told the standing committee.

The main task of the new commission, he said, was to formulate energy policy.

India to cut imports of aluminium, steel

BY K. K. SHARMA IN NEW DELHI

THE INDIAN GOVERNMENT plans to slash imports of items like aluminium, steel and cement in a bid to reduce the anticipated record trade gap of about Rs 30bn (£1.7bn) in fiscal 1980-81, but otherwise no change is contemplated in the country's import policy.

Imports of these three items are to be cut largely because their production domestically is expected to improve as a result of the easing of infrastructure constraints that led to a fall in overall industrial production in 1979-80.

With improved power generation that followed a good monsoon, the main constraint has been overcome and production is expected to pick up swiftly. This could help trim the trade gap by improving domestic availability of these items.

It had been planned to import 155,000 tonnes of aluminium this year but this is now to be cut. Plans to import 1m tonnes of steel and 2m tonnes of cement will also be revised with the expected improvement in use of installed capacity.

The Government is concerned at the rapid rate at which the foreign exchange reserves have fallen since April. They dropped by Rs6.5bn in this period compared with a nominal Rs560m in the whole of fiscal 1979-80. The reserves have been restored

to their original position because of recent loans from the International Monetary Fund (IMF) of Rs8.2bn but the rate of decline, because of balance of payments difficulties, has not yet changed.

A major export drive is to be launched in the hope that the target of Rs7.1bn in 1980-81 is reached. By reducing some imports and increasing exports of some agricultural production, including foodgrain, it is hoped to hold down the depletion in the reserves.

India's Public Investment Board has cleared a \$2.1bn investment in Orissa State to set up an aluminium facility with French financial and technical assistance, AP-DJ reports from New Delhi.

The Orissa facility is expected to import India from an aluminium importer into an exporter of the metal and alumina, the intermediate product between bauxite ore and aluminium, by the mid-1980s.

More than half the financing will come from France, which agreed to underwrite the project when President Valery Giscard d'Estaing visited India earlier this year. The French Government will provide nearly \$435m in aid, and a consortium of French banks will invest almost \$800m in the project.

Norway shipbuilder wins £39m drilling rig order

BY FAY GJESTER IN OSLO

TROSVIK, the Norwegian shipbuilding group, has booked an order worth about Nkr 450m (£39m) for a new type of heavy duty semi-submersible drilling rig of its own design, the Bingo 3000. Delivery is scheduled for September, 1982.

The order has been placed by Smedvig Drilling, of Stavanger, which last week made the headlines in Norway when it secured a three-year charter for its rig "West Venture" at the exceptionally high rate of \$94,000 a day.

Smedvig said yesterday that

it was the "West Venture" charter which had enabled the company to place the rig order now, even without the security of a charter for the Bingo.

With rig companies increasingly interested in northern acreage where heavy duty rigs are needed, Smedvig should have no trouble finding work for its new unit.

BP recently invited tenders for just this type of rig, starting 1982, but Smedvig says it did not submit a tender. The longer it waits to fix the new unit, the higher rate it is likely to secure.

Banking Internationally? 5 reasons why you should talk to Rabobank Nederland.

1. Rabobank is the largest provider of credit to the Dutch agricultural sector, and plays a key role in agribusiness finance. The importance of agribusiness for Dutch imports and exports gives Rabobank Nederland an up-to-date knowledge of international trade financing.

2. Forty percent of all Dutch savings is entrusted to Rabobank. A solid reason why the bank is in an ideal position to satisfy short, medium and long term financing requirements.

3. Rabobank Nederland* is also active in the Eurocurrency and Eurobond markets, foreign exchange, Eurocredits and new issues.

4. Rabobank Nederland heads a co-operative banking organisation with 3100 offices on the Netherlands' 41,000 square kilometres. On-the-spot services therefore are available in every part of the country.

5. Total assets of more than 86 billion Dutch guilders (approx. US\$ 45 billion) place Rabobank among the 25 largest banks in the world. Rabobank Nederland is a member of the Unico Banking

Group, in which 6 major European co-operative banks work together. As a group, these

banks have total assets of some US\$ 400 billion and 36,000 offices.



*Rembrandt and Saskia (1636). Teylers museum, Haarlem.

Rembrandt country is Rabobank country.

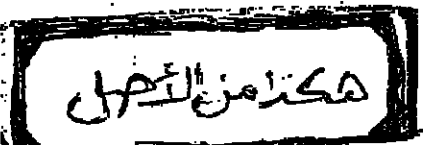
The country which inspired Rembrandt's internationally acclaimed masterpieces has inspired the Rabobank to create services of worldwide importance.

Rabobank Nederland, International Division, Catharijnesingel 30, 3511 GB Utrecht, the Netherlands. Telephone: (0)30-362004.

Representative Office Frankfurt, Friedrich Ebert-Anlage 2-14, D-6000 Frankfurt am Main 1, West Germany. Telephone: (0) 611-751076/751077.

Rabobank
Dutch Masters in Banking.

*Member of the UNICO BANKING GROUP



August 1980

This announcement appears as a matter of record only.

STATE ELECTRICITY COMMISSION OF VICTORIA

Euro-Term Loan in the equivalent of

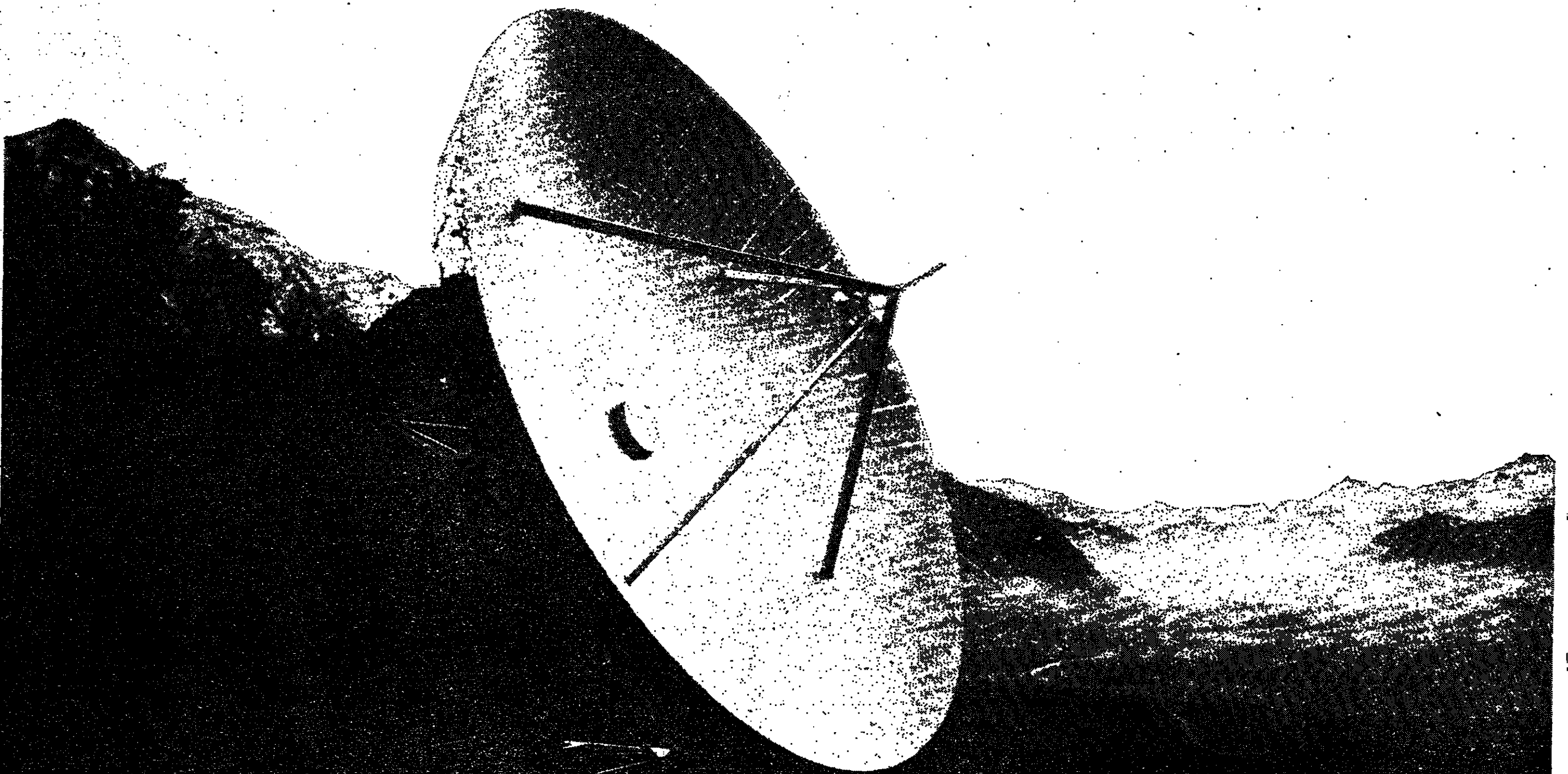
A- \$ 40,000,000

arranged and provided by

WESTDEUTSCHE LANDESBANK GROSZENTRALE

NEC. THE COMPUTER AND COMMUNICATIONS COMPANY

that's the world's #1 supplier
of INTELSAT earth stations.*



Developing and installing a superior earth station for international satellite communications requires a broad spectrum of expertise. By integrating computer and communications technologies into a powerful whole, NEC has emerged a world leader not only in earth stations but also in other technology-intensive areas that impact and enrich our way of life. This unique blend of capabilities has earned NEC the trust of customers in over 130 countries.

*Source: Survey conducted for the U.S. Department of Commerce published in 1976 and World Telecommunications II published in 1980 by Arthur D. Little, Inc.

NEC
Nippon Electric Co. Ltd.
Tokyo, Japan

UK NEWS

Passenger downturn at British airports

The downturn in the number of passengers using Britain's seven main airports continued in July when the total fell to 4.6m passengers, a 2.4 per cent decrease compared with last year's figure for the same month.

The greatest decline in passengers occurred at Heathrow Airport, which lost 7.5 per cent compared with July last year. But Heathrow reported an increase on certain long-haul routes, including those to India and Pakistan, which rose by 8 per cent, and Australia and New Zealand, which went up by 6 per cent.

The number of passengers handled at Gatwick Airport rose by 15 per cent, but this did not offset the fall in numbers at Heathrow and Stansted.

Westward split

Staff at Westward Television have called for a speedy end to the battle between the company's Board and its chairman, Mr. Peter Cadbury. A resolution overwhelmingly passed by a meeting of non-management staff said that the company wished "to dissociate ourselves from the arguments of both factions."

Retiring teachers

More than 7,000 teachers are to leave the profession under the Government's early retirement scheme by next Christmas—more than double the number expected.

The scheme, agreed between local authorities and the main teaching unions in 1977, allows authorities to retire teachers over the age of 50.

Civil defence

THE National Committee for Civil Defence said today that the Government's plans to increase civil defence spending by £18m—a rise of 67 per cent—was not enough.

The committee questions the Government review which raises civil defence spending to £45m in 1983. It asks whether it is a real increase or "simply an inflation proofing exercise."

Planning charges

GOVERNMENT PROPOSALS to make charges for planning applications have been attacked by the London Chamber of Commerce and Industry as unfairly biased against private industry and inconsistent with government plans to cut public spending.

The proposals have also been criticised by the Town and Country Planning Association and the National Federation of Building Trades Employers.

FT seminar

MR. KLAUS SAHLGREN, executive director of the United Nations' Centre on Transnational Corporations, is to be one of the main speakers at a Financial Times seminar next month on the need for better reporting standards by multinational companies.

The seminar will take place in London on September 15 and 16 and will consider whether reporting standards should be set by the UN, or by the OECD, or the international accountancy profession.

Help for the blind

ABOUT £11m was spent last year on improving facilities for the blind, the Royal National Institute for the Blind says in its report published yesterday.

The institute received £4m in legacies alone to help the 120,000 blind people in Britain.

Benefits 'scandal'

MR. JAMES PRIOR, Employment Secretary, is being urged to end the "scandal" of benefits discrimination against the long-term unemployed.

The Child Poverty Action Group wants the Government to spend an additional £85m a year to alleviate the hardship of families of long-term unemployed, who receive lower supplementary benefits than other long-term claimants.

ITT subsidiary

INTERNATIONAL Telephone and Telegraph has set up a subsidiary in Birmingham to handle the Yellow Pages advertising contract which it won last year. The company expects eventually to employ 500 people at the subsidiary.

ITT World Directories (UK) has a nine-year contract, worth about £560m, to obtain advertisements for Yellow Pages directories in the north and west of Britain beginning 1 January 1981.

Wage investigation

THE Central Policy Review Staff—the "Think Tank"—is conducting an investigation into the efficiency of wage payment systems in the UK.

The investigation is likely to focus on the UK's large unbanked population—between 40 and 50 per cent of adults do not have a bank cheque account—and on the fact that almost 80 per cent of British manual workers are still paid weekly and in cash.

North Sea oil platform 'safe'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A SISTER ship to the Alexander L. Kielland, which capsized last March in the Norwegian sector of the North Sea, has been pronounced safe for use in the UK's Buchan field by an independent inquiry.

British Petroleum, operator and majority shareholder in Buchan, intends to move the floating production platform, called the Drill Master, from a Stornoway yard to the field in mid-September. The production from Buchan should begin in November.

BP launched two safety inquiries into Drill Master after the Alexander Kielland disaster, in which 123 men died. One was an internal review and the other an independent inquiry led by Professor Sir Hugh Ford, Pro-Rector of Imperial College, London, and former head of mechanical engineering there.

Sir Hugh said yesterday he was satisfied Drill Master had a safe life far longer than its intended service in Buchan. Its general condition was good and there was no reason why it should not be moved to the field, or "floated out."

He had recommended some modifications to improve the platform's safety margin—notably the strengthening of support braces—and these had been carried out by BP.

Sir Hugh said he had received no help from the official Norwegian Government inquiry into the Alexander Kielland disaster, which has yet to publish its findings.

But he rejected the idea that the float out of Drill Master should be delayed until the Norwegian report was published. There had already been sufficient indications of the

cause of the Alexander Kielland accident.

Press reports have suggested that the shearing away of one of the Alexander Kielland's five legs resulted from the drilling of a hole in a brace to allow the fitting of a hydrophone, a device used for positioning the vessel. There are no such holes on Drill Master, whose hydrophones are attached differently.

Before going out to the North Sea, the Drill Master—which is being renamed Buchan Alpha—must pass final tests at Stornoway and receive the approval of Lloyd's and the Department of Energy.

The semi-submersible vessel, built in 1973 as a drilling rig, has spent the past two years at a Stornoway yard being converted for use as the North Sea's second floating production platform.

Technical problems and labour difficulties at the yard had already put back the start of production from Buchan, originally planned for September last year. The safety checks have meant a further delay.

The cost of converting the Drill Master is put at £75m, about three times the original estimate. This includes the safety checks and resulting structural modifications.

Buchan is one of the North Sea's smallest developed oil fields, with recoverable reserves put at between 50m and 200m barrels. There is considerable uncertainty over reservoir performance but BP expects the field to produce 50m barrels in its first four years.

Howard Doris, one of the UK's major constructors of offshore production platforms, plans to design and build a new



Professor Ford with a model of the Drill Master

generation of semi-submersible drilling rigs capable of operating in deeper and more hostile North Sea waters. Mr. Albert Granville, the company's chairman, said yesterday.

He would give no details of the development, which is

linked to Howard Doris' recent move into offshore exploration as part of three groups applying for seventh-round licences. The company has formed a new subsidiary, Western Isles Petroleum, to participate in the round.

Boost for miners' pension assets

BY ERIC SHORT

THE TOTAL ASSETS of the Mineworkers' Pension Scheme, one of the largest occupational pension schemes in the UK, increased by nearly one-third in book value, from £487m. to £636m, in the year to September 30, 1979.

Latest report and accounts of the scheme show that the market value of the assets was greatly in excess of this figure. The aggregate market value of ordinary shares and fixed interest securities exceeded book value by £141m, while the portfolio portfolio was valued at £545m, against a book value of £191m.

Contribution income from members, the National Coal

Board and Government rose by 16 per cent from £159m to £184m, with the Government paying over £39m in respect of its share of the initial liability and the cost of pension increases made over the past four years.

Investment income improved by over 50 per cent from £35m to £54m. This represented a return of 9.56 per cent on the fund. The scheme's investment performance was in the top 10 per cent of funds monitored by stockbrokers Wood MacKenzie.

The report revealed that pensions were improved 11.4 per cent from September 24, 1979, representing the rise in the Retail Price Index over the 12 months to the preceding June 1.

The investment yield on the fund failed to match increases in pensions being paid. It also failed to match the rise in earning of surface and underground workers over the period averaging 11.3 per cent and 10.4 per cent respectively. But it did match the rise of 8.3 per cent in coalface workers earnings over the year.

The scheme bases pensions on earnings of employees taking the average of the best three in the past 13 years of work, each relevant year being reviewed in line with RPI. In addition, pensions being paid are revalued annually in line with RPI movements. So pension scheme assets need to match inflation over the long term.

High cost of official bankruptcy

BY GARETH GRIFFITHS

MORE THAN 55p was spent on administration in every £1 of net assets realised in bankruptcy cases handled by the Official Receiver compared with 42p in the pound by non-official trustees.

The Official Receiver handled 3,707 cases in 1979 and the non-official trustees 1,342 cases.

Preferential creditors received 18.7p and unsecured creditors 27.5p in official cases. The insolvency service makes a profit for the Government,

which last year doubled from £343,000 to £672,000, mainly because of high interest rates on fee money.

In non-official cases preferential creditors received 12.4p and unsecured creditors 45.5p.

The number of bankruptcies in Britain last year fell by 11 per cent and estimated liabilities were two-thirds less than in 1978, according to a Department of Trade report published yesterday.

The sharp decline in the esti-

mated liability figures from £202m to about £74m indicates that the collapses caused by the property market slump of the mid-1970s, have worked their way out of the system. Changes in the bankruptcy law in 1976 have also reduced the number of cases.

There were 3,170 bankruptcy cases in 1979 compared with 3,540 in 1978. The greatest number of failures occurred in the construction industry with 832 cases.

Cutting the cost of printed circuit boards

BY ALAN CAINE

A BRITISH company claims world lead in a manufacturing technique which can save up to 50 per cent on the cost of producing complete printed circuit boards—the heart of modern telecommunications and computer technology.

The system has been bought already by the telecommunications division of GEC. And next Black-Panther Systems of Dorset is to set up its own U.S. subsidiary to

exploit the huge American market for microelectronics components.

The system is a blend of two technologies made possible by microelectronics, computer aided design and automatic component location.

The operator sits at a workstation; the naked, printed circuit board is delivered to the station, and a picture of all the components of the same type required for the board is

projected on to the board using a projector above the operator's head. The components are automatically delivered to the operator in trays.

The computer and microfilm device at the heart of the system produces artwork for both the printed circuit board and the 35mm transparency for the projector simultaneously, while giving instructions to the storeman to fill the components trays.

Highlands lure new industries

By Raymond Snoddy

SCOTLAND'S Highlands and Islands Development Board yesterday announced a £2.5m advance factory programme to build 26 units with a total of 45,000 sq. ft. over the next two years.

Mr. Gordon Drummond, board member responsible for industry, said: "The programme demonstrates the board's faith in the continuing potential of small industrial development throughout the Highlands and Islands."

In spite of national recession there was still active interest by developers in starting small businesses throughout the Highlands and Islands.

The units range from 750 sq ft starting units, through 1,200-1,500 sq ft workshops, to factories of 4,000-10,000 sq ft.

The previous two-year programme involved 28 units. Nine are still under construction and 15 of the 19 completed already have tenants.

The Highlands and Islands Board has built about 100 factories over the past 10 years. Apart from Jewellery and skis, the products include miniature transducers for medical use, in Skye, underwater cameras for the North Sea, in Wick, and electronic metal detectors in Inverness.

Pipeline inquiry postponed

THE DEPARTMENT of Energy has postponed next month's public inquiry into Shell's proposed 135-mile overland natural gas pipeline from St. Fergus, near Peterhead, to Mossburn in Fife, following Shell's application to increase the pipeline size by 25 per cent.

The public inquiry, which was to be held in Aberdeen and Perth, was postponed to give objectors more time to consider the implications of the proposed increase in diameter to 24 inches.

Co-op Wholesale Society shake-up planned

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A TOP-LEVEL management shake-up of the Co-operative Wholesale Society is planned to help the co-operative retail societies compete more effectively in the tough trading conditions of the High Street.

The CWS is one of the largest food manufacturers and retailing organisations in Europe and last year had sales of £1.7bn. It is wholly owned by the 198 retail societies.

The CWS board proposes that, for the first time, a full-time chairman be appointed to work in tandem with the chief executive who until now has acted as the CWS management "supremo."

The move coincides with the retirement next month of Sir Arthur Sugden as chief executive. The board felt the growth of the CWS over the past few years, and the development of associated organisations such as the Co-operative Bank, has put

too much pressure on the chief executive's job.

Instead, the board considers a management executive, team should be established with the chief executive leading it "to focus management attention on the primary role of supporting retail societies in the market place and so improve co-operative market penetration."

The board argues that the chief executive's job must be to overhaul completely the CWS management structure to meet the needs of the retail societies.

The proposed full-time chairman would be responsible for making an "effective bridge" between the CWS management and the 35-man board, all of whom are part-time members. The chairman would also be encouraged to improve relations between the CWS and the retail societies as well as liaise with the "commercial world generally."

The board's proposals are to be put to a special general meeting of the CWS in October, followed by a referendum of retail societies.

It is not certain the retail societies will automatically back the move even though the proposals are generally regarded as an attempt by the High Street co-ops to strengthen their control over the CWS. Many societies may feel that a full-time chairman would eventually lose touch with the retail movement.

The present part-time chairman of the CWS board is Mr. Peter Paxton, also chief executive of the Cambridge retail society. He is the likeliest front-runner for the full-time chairmanship if this is approved.

The present deputy chief executive, Mr. Dennis Landon, will succeed Sir Arthur Sugden next month as chief executive.

£4m bank headquarters opens on famous Manchester site

THE CO-OPERATIVE Bank yesterday opened for business in a new headquarters at one of Britain's most famous addresses—1, Balloon Street, Manchester—bringing to an end the chase in a £1m transaction since the bank obtained full clearing status in 1975.

The building, on the site of the co-operative movement's first headquarters, has cost £4m and will house 500 Head Office and Manchester branch staff.

Two months ago in Skelmersdale, Lancs, the bank opened its other major recent development—a £7m customer service bureau where bank office paperwork for all branches, such as the despatch of statements and cheque-books, is carried out.

By big bank standards the Co-op Bank is still small, with total assets amounting to £500m. Its record profits last year of £62m pale when compared with for example those of Barclays which last week disclosed earnings of £279m for the first half of its current year.

However, its small size enables the Co-op Bank to claim to be the fastest-growing clearer, with a growth rate of 15 per cent in customers each year for the last five years. The bank also believes it is going to be able to continue to grow at a rapid rate throughout the 1980s, because it can be more flexible than the High Street giants.

It also has potential access through the Co-op's retail network to the great majority of British people, who do not have bank accounts.

The Co-op claims to have over 700,000 accounts and can claim to be the only English-based clearer which is fully represented throughout Scotland. The majority of accounts are personal but in terms of advances, business is no split roughly equally between the corporate, co-operative and personal sectors, according to Mr. Lewis Lee, the Chief General Manager.

As might be expected, the bank is dominant in some traditional sectors, claiming 90 per cent of trade union business, and a very large share of working-men's clubs and club breweries. In addition however, it has about 16 per cent of the local authority market and has never lost an account because of a change in political control.

It has also picked up a number of Blue Chip companies in recent years, generally in the role of secondary banker, and further 3,700 cash-cheque points in Co-op stores, mostly open during shop hours.

Limited services of this kind are all that customers require in 90 per cent of their dealings with a bank, Mr. Lee points out. The American system of "personal bankers" is now being introduced at the "bigger branches for customers requiring extra services." This means a named individual who will handle any problems or queries.

The development, the Co-op claims, has been made possible by Skelmersdale, where a staff of some 500 now takes the bulk of routine work away from the branches. The bank is now one of the biggest employers in Skelmersdale and the biggest in the white-collar field.

Growth for all the banks is likely to come over the next decade from attracting customers in social groups where banking is still not widespread. "Competition," too, is increasing with a number of American institutions now offering financial services, and the building societies also extending into limited banking.

Among the advantages which the Co-op believes it will have in this battle, however, is its existing "Handybank" credit card operation launched by the Co-op which is a valuable introduction to the banking habit for many people. Some 60,000 customers use the card in 1,000 outlets at present. Many of these, the Co-op believes, "can be persuaded to convert to full bank accounts."

The Co-op Bank is also watching very closely the development of point-of-sale banking—the direct debiting of bank accounts when goods are purchased. "We are very well placed to take advantage of this development because we have been doing retail banking in a retail environment for 100 years. The other banks have to establish themselves in the retail sector over the next ten years," Mr. Lee points out.

Prince Charles will honour arts sponsors

PRINCE CHARLES has accepted an invitation to present the 1980 awards to business sponsors of the arts at a reception in London on November 11.

Lord Goodman, chairman of the Association for Business Sponsorship of the Arts, making the announcement yesterday added: "Every day, sponsorship of the arts by business assumes a greater importance and needs every encouragement."

The awards, launched in 1978, will give recognition to 10 win-

ners in four categories—the best single event sponsorship; the best corporate programme of sponsorship; the sponsorship giving most encouragement to young people; and the best first-time sponsor.

The nominations will be judged by a panel with Mr. Albert Frost as chairman and Mr. Nigel Brookes, Lady Donaldson, Lord Eversham, Lord Barendson and Sir John Sainsbury as members. Their decisions will be announced at the reception.

High prices for vintage golf clubs

GOLF, GUNS and fishing were the main points of interest at Sotheby's sale at Glemages Hotel, Scotland, on Monday.

A pair of Purdeys' made £10,000 and three side-lock ejector guns by Boss fetched £15,000. The Purdeys' 12-bore self-opening side lock ejector, was built in 1938 and had been unused since 1968. Two of the Boss guns were built in 1907 and re-barrelled by the maker in 1962, and the third was built in 1908 and re-barrelled in 1965.

The highest-priced golf club was not catalogued but fetched £15,500. It was an eagle-mid

SALEROOM

BY PAMELA JUDGE

18th century iron of unusual shape. A similar "club" made £1,400. A buffy spoon by Tom Morris of St. Andrews went for £1,500. This "heavy" spoon was sold together with a copy of a photograph of the Grand Old Tournament on Leith Links in 1867 of Tom Morris and others.

A featherly golf ball, leather covered with inverted stitching and two final stitches inside one seam, was bought for £550, and a similar item, but not in the catalogue (circa 1850), sold at £600. A silver vesta case with a coloured enamel panel of a golfer went for £350, and a Copeland Spode two-handled mug depicting golfers in action made £350.

The first evening of the two-day sale totalled £189,905. Other items included a racing saddle reputedly belonging to Fred Archer (1870), a collection of salmon and sea-trout flies (1830) and a 19th century salmon reel of bronze-brass and mahogany by Farlow (1860).

Aggressive sales promotion exploits new markets

MAIL ORDER companies, traditionally among the most successful of all retailers in coping with a recession, are beginning to find it increasingly difficult to shrug off the effects of the slump in consumer spending.

The decision last week by the UDS group to pull out of mail order with its John Myers catalogue operation is the first big implication of the impact of the recession on the mail order business.

UDS, which was the sixth largest mail order operator, has sold its trading operation to Great Universal Stores—the largest mail-order company with about a third of the market through its various catalogue brand names, including Kays, Marshall Ward and Great Universal.

The second largest mail order operator is Littlewoods, with about a 30 per cent market share. It is followed by Freemans and Grattans with an 11 per cent share each, and Empire Stores with about 7 per cent.

The UDS move out of mail order follows reduced profit figures already announced this year by Grattans, Freemans, and Littlewoods (although Littlewoods' profits include its high street retailing outlets as well).

The main problem facing mail order companies is the same as that for retailers in general: consumers are either unable or unwilling to buy all the essentials in the present recession. In particular, the slump in clothing and footwear sales since last autumn has hit mail order companies hard, since just over 50 per cent of mail-order trade—which totalled £2.1bn last year—was in clothes and shoes.

However, while mail order companies are feeling the chill of the recession, they are still outperforming the rest of the troubled retail trade. In 1979, for example, mail order sales grew by some 22 per cent in value—the highest for all retail sectors—and some 8 per cent above the retail average. Esti-

mates of mail order trade so far this year suggest that the growth in sales value has dropped to 20 per cent or below—but this is in line with the total fall in the retail market.

In fact, the consistent growth of mail order sales during the 1970s has confounded most of the sector's critics who believed that changing retail patterns—such as the emergence of large multiple chains and discount stores—would mean a decline in traditional mail order operations.

Mail order through catalogues—which accounts for some 90 per cent of all mail order sales—originated in the North of England early this century. It offered working class households easy credit for basic household goods and clothes.

However, mail order has changed considerably since then, especially over the past decade when it has attracted more younger and middle-class customers, throughout the country. Research carried out

by the Mintel market research company revealed that 47 per cent of all housewives had bought at least once through mail order in the past year. Moreover, it showed that the fastest-growing sector was among housewives under 44, living in the South, and in the ABC1 (professional and executive) social classes.

The mail order business has seen its share of the total retail sales increase from 3.8 per cent in 1971 to 5.3 per cent last year—when it overtook the share of the department stores sector for the first time.

Such a rapid growth rate is surprising, given the price competition of the multiple chains and discount stores over the past decade. And the traditional mail order advantage of an extended credit period has been eroded by the increasing availability of credit cards and the stores' own credit facilities.

There are good reasons why mail order has increased in popularity. The convenience of shopping at home by mail order

rather than going to the shops is appreciated by increasing numbers of working women. Mail order companies go to considerable expense to provide colourful catalogues—at about £3 per copy—offering many thousands of branded goods.

The management enterprise and flexibility of the big companies in aggressive marketing and in spreading the mail order concept in new social and geographical areas have helped them to overcome problems such as the postal and the lorry drivers' strikes. Prices have been kept as low as possible—although still usually higher than those charged by most major high street retailers by such methods as the development of their own distribution systems. This has also reduced the vulnerability of mail order to strike action.

But mail order companies remain worried by the effects of the recession. In previous slumps, the credit facilities offered by mail order have helped to keep sales buoyant. But

customers now can buy on credit and still obtain lower prices from a discount store.

Increasing competition is now coming from the direct mail operators who heavily advertise a single product through consumer magazines. Although direct mail is not a major threat to the catalogue operators—since its product range is so limited—it does cream off some of the more lucrative trade from the established companies.

The major catalogue operators have reacted to the present slump by such traditional means as cutting stock levels and increasing their marketing activity. Littlewoods, for example, is offering a special "Superbuy" cut-price offers.

But probably the strongest factor that will help mail order get through this recession—as it has done in the past—is the loyalty of its customers. There are about 6m mail order agents whose job is to solicit sales from friends and neighbours, earning a commission. It is easier to buy from a friend than from a discount store—even when times are hard.

Row grows over plans to import Hino trucks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE STRANGE saga of the Japanese trucks which are apparently being subsidised by the Irish before being re-exported to the British mainland has caused a furore in the UK industry.

The trucks are made in Japan by Hino, the country's largest heavy truck maker. The company is closely linked with Toyota, which has an 8.5 per cent shareholding.

Last year Hino produced 76,500 trucks, compared with Leyland Vehicles' output of 19,500 and the expected total UK market this year of about 65,000.

Since 1959 Hino has been sending trucks in kit form to J. Harris (Assemblers) which is based near Dublin. Last year Harris assembled about 1,000 of the 16-ton-plus sector of the Irish market. Hino now has a market share of about 38 per cent.

Recently a new company, HVC Motor Vehicle Distributors, bought a 25-year lease on a 41,000 sq ft factory at the Grange industrial estate at Warrington New Town.

HVC will import Hino trucks from Ireland, and next month expects to begin selling them in the UK through to dealers.

The objective is to register about 500 in the first full year.

The managing director of HVC is Mr. Liam O'Neill, who for the past 13 years has been sales director of Harris.

He insists that he has provided all the finance for HVC,

and that he is the sole shareholder. He also maintains that no Japanese investment is involved in HVC or in Harris, in which Mr. "Pino" Harris and his mother are the sole shareholders.

This is the second Irish attempt to bring Hino trucks to the UK mainland. Two years ago Harris was reported to be negotiating for the acquisition of a factory at Liverpool, on which £15m would be spent to turn it into a truck assembly plant.

The plan was dropped after protests by the Transport and General Workers' Union which called for a nationwide campaign to "black" Hino trucks in the UK.

Mr. O'Neill's current plans have produced a similar outcry. Some TGWU members have renewed their pledges to seek to have Hino trucks "blackened," and the Preston district committee of the AUEW is pressing for the Confederation of Shipbuilding and Engineering Unions (the umbrella body whose members include the AUEW and the TGWU) to stop Hino trucks at the ports.

Leyland Vehicles has protested that the development is not in accordance with the spirit of the agreement between the UK Society of Motor Manufacturers and Traders (SMMT) and the Japanese Automobile Manufacturers' Association (JAMA) which apparently prevents Japanese trucks over 3.5 tons being exported to the UK.

Another truck maker, the Oldham-based Seddon Atkinson,

has sent letters to local MPs saying that it is worried that Hino might "buy" market share with subsidised low prices.

Some people in the UK industry maintain that the Irish Government is giving Hino a "subsidy," because the trucks escape the usual 22 per cent EEC import tariff on the grounds that their assembly creates employment in Ireland.

The SMMT will certainly take up the matter when it begins its bi-annual round of talks with Japanese industry representatives on September 8.

Unperturbed by the outcry, Mr. O'Neill says that the Hino trucks he intends to import will have about 20 per cent of UK content by value—Harris is spending £2.5m to £3m a year on UK components.

In the longer term a site "near the Warrington one" would be used to assemble Hinos for the UK and for export. Some of these could have a local content of 60 per cent by using Cummins diesel engines, Eaton-Fuller gearboxes and Eaton rear axles.

Mr. O'Neill claims that he has received 260 applications from dealers wanting the Hino franchise, and that this has been cut back to 80.

Whether the growing opposition will have any impact on these plans remains to be seen. The Department of Industry and the Department of Trade, while being aware of the position, seem to feel there is nothing which can be done officially to stop Mr. O'Neill.

Production ends at Canley plant

MORE THAN half a century of motor car production at BL's Canley plant at Coventry, came to an end yesterday.

The last two vehicles to be made at the factory—which in the 1950s produced the Flying Standard and later the Vanguard—rolled off the

assembly lines shortly before noon.

Moments later, the assembly tracks were silent, victims of the company's streamlining plans.

The two cars which signalled the end of another chapter of motoring history—a £8,000

Dolomite Sprint and a £4,800 Triumph Spitfire—are destined for BL's motor museum.

Over the years, 276,457 Spitfires and 289,664 Dolomites have been produced.

In 1916, the Canley plant was used for aircraft production but, after the First World War, switched to car manufacture.

A military start for civilian success with widely-recognised skills

THE ROAD from Andover to Reading starts on the northern edge of Salisbury Plain and passes places like Camberley and Aldershot—all good army country.

The British army congregates in this part of southern England in such large numbers that if there were a modern insurrection at Stamford Bridge, it would have almost as great a logistical problem to get there as King Harold had nine centuries ago. (Those who think Stamford Bridge is a football ground in London may pass immediately to other pages.)

Arboret, just outside Reading, is off Salisbury Plain, but is still one of the most important training centres in the country. Here the army trains most of its highly-skilled men.

At a time when industry is cutting back on the number of apprenticeships and crying out for more skilled men, the army is stepping up its training. It probably trains more men for more skills than any single company in Britain.

Nearly half our soldiers go on to become officers, and every regular officer is trained to degree standard and has professional qualifications.

"The army today is working on the most intricate pieces of electronic equipment. New weapons systems mean we have to keep abreast of the very latest developments."

"But it is just not equipment which matters. Our men



Col. Hume looks in on a class at the Army's School of Electronic Engineering.



By Anthony Moreton

Specialists

The School of Electronic Engineering at Arborfield is one of the main centres at which men are trained for the Royal Mechanical and Electrical Engineers. Every year it turns out some 200 skilled men and upgrades or gives further training to another 800; other schools within the corps turn out their own specialists. How many companies can match that?

REME is fortunate. It gets the cream of those who join the army but Col. Robert Hume, commandant of the school, says that it is not primarily looking for academic ability. "We are looking for men who will become good soldiers, and have the necessary aptitude for the job. That is the essential quality. Aptitude."

"Of course, we want men

with good backgrounds too. will not be repairing a gun-control system under ideal workshop conditions. They will be doing it in the rain, under camouflage, in Germany. There's a hell of a difference."

Once the soldier has completed his initial training—square-bashing, as it used to be called—those concentrating on electronics undergo a 28-week course at Arborfield. This course is divided into segments of intensive training: three weeks to kick off on mathematics, four weeks on vehicle electronics, then a series of courses on connectors, transmitters and components before qualifications as an electronics technician.

Elsewhere the corps trains apprentices, who join at about

the age of 16, vehicle mechanics and aircraft technicians. It does not touch civil engineering—that's the province of the Royal Engineers.

Advantage

REME trains men into 28 trades such as radar, medical and dental equipment and avionics, almost all of which are acceptable to the unions. That is the big advantage of army training nowadays: an army expert has not been trained into a dead-end job.

Col. Hume says that outside industry keeps a constant watch on the men leaving the army after short-term commitments, say six or nine years. "Every course is structured on a common electronics training at the school with special training on such items as radar and tele-

communications added and then equipment training as well.

"An artificer has no difficulty in going into industry as a project manager, and our electronics engineers go in as management. I don't know any of our men who are on the dole."

The other big advantage the army offers is that it accepts women for shop-floor training more readily than industry does. There are several WRAC soldiers taking the present course at the school.

REME has never had a great deal of difficulty in recruiting men, even though the field of service has been severely restricted in recent years—no longer can the soldier expect to serve outside the UK, apart from Germany.

But the flow of recruits is undoubtedly being sustained by the higher pay introduced during the past year and by the

difficulty in finding civilian jobs. Craftsman Alan Prowse is 18 and comes from Tavistock. He has two "O" levels and has signed on for nine years.

"Where was I going to find a job, let alone a well-paid one in Tavistock?" he told me. The army offers him security as well as a skill which can be put to good use later on, a very important consideration to him.

Fortunate

Col. Hume feels he is fortunate. Arborfield has one of the most comprehensive technical training facilities in the country, and he commands a permanent staff of over 200 military and 300 civilians. No commercial company can match that.

Tomorrow: Not so delicious apples in Battle.

APPOINTMENTS

Lloyds Bank trust head

Mr. R. F. Fryer has been appointed a general manager of LLOYDS BANK and head of the trust division. He succeeds Mr. H. Freeman who retires on September 30 after 34 years' service with the bank. Mr. Fryer has been assistant general manager of trust division since September 1975.

Mr. Peter Morgan has been appointed director of data processing at IBM United Kingdom in succession to Mr. Tony Cleaver who takes up a new appointment in IBM Europe as group director of order management. Mr. Morgan, who returns from IBM Europe where he was group director of d.p. marketing, is a

former data processing sales director of IBM United Kingdom.

ROYAL INSURANCE has established a life division. Its executive management will be: Mr. A. C. Baker, general manager and chief actuary; Mr. H. E. Johnson, deputy general manager and actuary; Mr. A. J. McLachlan, manager, administration; Mr. D. R. Parry, manager, marketing; and Mr. K. R. Percy, manager, pensions.

Mr. Mark Jarrod has been appointed vice-president of PARKER HANNIFIN CORPORATION's finance and administration. He will be responsible for



Mr. R. F. Fryer

accounting, finance and administration throughout all of the European and international groups within the corporation.

Mr. Fletcher L. Byrom is to be appointed an advisory director of UNILEVER, from September 1. He is chairman and chief executive officer of Koppers Company, Inc., Pittsburgh.

Mr. C. D. Mahoney has been appointed director of GLANVILL ENTHOVEN (AVIATION).

Mr. James H. Ashton has been appointed director and general manager of ILOMAN ENGINEERING, Douglas, Isle of Man (a Dowty Group company).

Mr. Laurence E. Mullen, corporate vice president-personnel and organisational planning of Allegheny Ludlum Industries, Pittsburgh, has been named executive vice president of the CARDON COMPANY, a unit of ALI's general industry group, from September 1.

Mr. M. Harary has been appointed managing director, Mr. M. Zangen senior deputy general manager, and Mr. M. Carmou deputy general manager of MIGDAL BINYAN INSURANCE COMPANY, Tel-Aviv.

BASE LENDING RATES

A.B.N. Bank	16 %	Hambros Bank	16 %
Allied Irish Bank	16 %	Hill Samuel	16 %
American Express Bk.	16 %	C. Hoare & Co.	16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16 1/2 %
A.P. Bank Ltd.	16 %	Keyser Ullmann	16 %
Arbuthnot Latham	16 %	Knowles & Co. Ltd.	16 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Mann & Co.	16 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	Samuel Montagu	16 %
Banque Belge Ltd.	16 %	Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16 1/2 %	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rosenstein	16 %
Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulatons	16 %	Trade Dev. Bank	16 %
C. E. C. Bank	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16 1/2 %
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Winttrust Secs. Ltd.	16 %
Eagle Trust	15 1/2 %	Yorkshire Bank	16 %
E. Trust Limited	15 1/2 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Anthony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	16 %		
Guinness Mahon	16 %		

The First Scottish American Trust Company Limited

Interim Statement (Unaudited)		August 1 1979	
For the six months ended August 1 1980		£	
Gross Revenue	1,262,412	287,413	1,144,906
Deduct:			
Interest	158,137	43,245	
Expenses	53,292	270,150	600,808
Taxation	354,416	544,098	
	696,577		

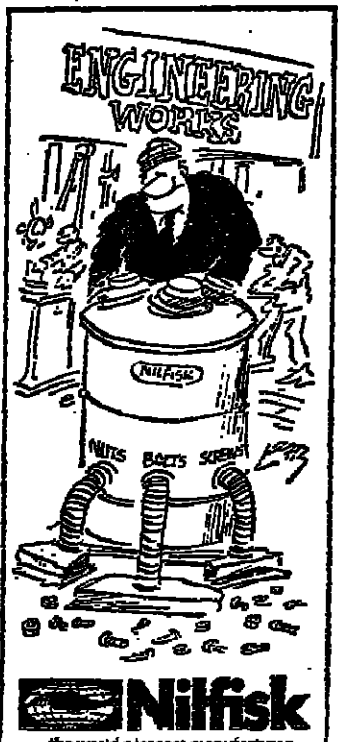
An interim dividend of 1.3p on the Ordinary Shares (1979-1.2p) has been declared payable on 1st October, 1980, absorbing, together with the half-year's Preference dividend paid on 1st August, 1980, a total of 4416.188 (£363,302).

On 1st May, 1980, 1,833,525 new Ordinary Shares were issued against conversion of £1,992,962 of the 5% Convertible Unsecured Loan Stock.

Valuation of Net Assets	Net Asset Value per Ordinary 25p Share
August 1 1980	£46,030,329
February 1 1980	£41,205,034
August 1 1979	£40,886,658

*August 1 1979 Valuation included Dollar Premium

Belsic House, West Ferry, Dundee



All of these securities have been sold. This announcement appears as a matter of record only.

New Issue

August, 1980

\$150,000,000

intel CORPORATION

7% Convertible Subordinated Debentures Due 2005

Interest Payable on February 15 and August 15 in Each Year

The Debentures are convertible into Capital Stock of the Company at any time prior to maturity, unless previously redeemed, at \$121 per share, subject to adjustment under certain conditions, including the 2-for-1 stock split effective September 8, 1980.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

MORGAN STANLEY & CO.	BACHE HALSEY STUART SHIELDS	BEAR, STEARNS & CO.	BLUTH EASTMAN PAINE WEBBER	DILLON, READ & CO. INC.
INCORPORATED	INCORPORATED		INCORPORATED	
DONALDSON, LUPKIN & JENNETTE	DREXEL BURNHAM LAMBERT	E. F. HUTTON & COMPANY INC.	KIDDER, PEABODY & CO.	LAZARD FRERES & CO.
SECURITIES CORPORATION	INCORPORATED		INCORPORATED	
LEHMAN BROTHERS KUHN LOEB	MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP			SHEARSON LOEB RHOADES INC.
INCORPORATED	Merrill Lynch, Pierce, Fennier & Smith INCORPORATED			
SMITH BARNEY, HARRIS UPHAM & CO.	WARBURG PARIBAS BECKER	WERTHEIM & CO., INC.	DEAN WITTER REYNOLDS INC.	HAMBRECHT & GUIST
INCORPORATED	A. G. Becker			
ALEX. BROWN & SONS	F. EBERSTADT & CO., INC.	A. G. EDWARDS & SONS, INC.		MONTGOMERY SECURITIES
MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.		NEW COURT SECURITIES CORPORATION		OPPENHEIMER & CO., INC.
PIPER, JAFFRAY & HOPWOOD	STUART BROTHERS	THOMSON MCKINNON SECURITIES INC.		TUCKER, ANTHONY & R. L. DAY, INC.
INCORPORATED				
ABD SECURITIES CORPORATION	ADVEST, INC.	ARNHOLD AND S. BLEICHROEDER, INC.	ATLANTIC CAPITAL	BACON, WHIPPLE & CO.
			INCORPORATED	ROBERT W. BAIRD & CO.
BASLE SECURITIES CORPORATION	BATEMAN EICHLER, HILL RICHARDS	SANFORD C. BERNSTEIN & CO., INC.	WILLIAM BLAIR & COMPANY	BLUNT ELLIS & LOEWI
	INCORPORATED			INCORPORATED
BOETCHER & COMPANY	J. C. BRADFORD & CO.	BUTCHER & SINGER INC.	THE CHICAGO CORPORATION	CROWELL, WEEDON & CO.
				DAIN BOSWORTH
DAIWA SECURITIES AMERICA INC.	DOFT & CO., INC.	EPPLER, GUERIN & TURNER, INC.	ROBERT FLEMING	FOSTER & MARSHALL INC.
			INCORPORATED	
FURMAN SELZ MAGER DIETZ & BIRNEY	GRUNTAL & CO.	JANNEY MONTGOMERY SCOTT INC.	KLEINWORT, BENSON	LADENBURG, THALMANN & CO. INC.
INCORPORATED			INCORPORATED	
LEGG MASON WOOD WALKER	MCDONALD & COMPANY	NEUBERGER & BERMAN		THE NIKKO SECURITIES CO.
INCORPORATED				INTERNATIONAL, INC.
NOMURA SECURITIES INTERNATIONAL, INC.	PRESOOTT, BALL & TURBEN	RAUSCHER PIERCE REFSNES, INC.	ROBERTSON, COLMAN, STEPHENS & WOODMAN	
THE ROBINSON-HUMPHREY COMPANY, INC.	ROTAN MOSLE INC.	STEPHENS INC.	STIFEL, NICOLAUS & COMPANY	SUTRO & CO.
			INCORPORATED	INCORPORATED
ULTRAFIN INTERNATIONAL CORPORATION		WHEAT, FIRST SECURITIES, INC.		YAMAICHI INTERNATIONAL (AMERICA), INC.
BUCKMASTER & MOORE	CREDIT COMMERCIAL DE FRANCE	HAMBROS BANK	KITCAT & AITKEN	SAMUEL MONTAGU & CO.
		Limited		Limited
PICTET INTERNATIONAL	PIERSON, HELDRING & PIERSON N.V.	SOCIETE GENERALE DE BANQUE S.A.	VEREINS-UND WESTBANK	S. G. WARBURG & CO. LTD.
Limited			Aktiengesellschaft	

UK NEWS = LABOUR

TUC controversy over media

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN PRINT unions will meet at the TUC today in an attempt to resolve disagreements over a composite motion on the media, which will be debated at the TUC conference next week.

Among contentious issues will be the call, in the principal motion drawn up by the National Union of Journalists, to bar those journalists who are not members of TUC-affiliated unions from covering union conferences.

A further proposal, made in an amendment to the NUJ motion by the National Society of Operative Printers, Graphical and Media Personnel, is that unions should refuse to talk to "those journalists who consistently misrepresent, dis-

tort or bias their articles against trade union activities." Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades and chairman of the TUC's print industry committee, said last night that the NUJ's proposal was "open to abuse."

"It could, for example, be used against foreign journalists who would not be members of TUC-affiliated unions," Mr. Keys said.

The intention of the NUJ's proposal is to discriminate against the Institute of Journalists, which is not affiliated to the TUC.

The NUJ and SOGAT are both unhappy with the proposal from NATSOPA to refuse comment to journalists deemed to

have distorted union coverage. The NUJ would find itself in a difficult position where such individuals were its members.

Mr. Keys said that any motion on the media should make it clear that individuals were not held to blame, but a system in which misrepresentation was routine.

All four unions concerned, including the National Graphical Association, agree on the broad thrust of the NUJ's motion, which condemns the "anti-union bias of most sections of the media," welcomes the establishment of the Campaign for Press Freedom and "accepts that steps must be taken to defend those who have no voice in the existing media."

These steps include:

● A union-backed fund for new publishing and broadcasting ventures.

● Ways of "applying pressure" on newspaper and broadcasting employers to ensure a fair hearing for differing opinions.

● An independent forum for monitoring the Press and dealing with complaints.

● To campaign for a "Freedom of Information Bill."

The Campaign for Press Freedom is pressing for the right of reply, which it says is supported by 16 unions, including all the print unions.

The campaign is based on a "simple principle... if individuals or groups have been seriously misrepresented in a newspaper or magazine, they should have a chance to put their case to the readers of that publication."

The campaign says that in "exceptional cases" the right of reply could become the subject of negotiation between the employer and print unions.

Plea to defer deportations

BY OUR LABOUR STAFF

A LETTER from some prominent figures, including members of the Shadow Cabinet and drawing attention to the plight of around 200 resident domestic workers faced with deportation from the UK will be received today by Mr. William Whitelaw, the Home Secretary.

It urges Mr. Whitelaw to exercise his discretion "in order to allow this limited number of workers to remain on compassionate grounds."

The signatories, who include

Mr. Peter Bottomley, the Conservative MP, Mr. Cyril Smith, the Liberal MP, and some 20 Labour MPs including Mr. Michael Foot, Mr. Peter Shore and Mr. John Silkin, urge Mr. Whitelaw to defer further deportations of the domestic workers until Parliament has debated an early day motion on their situation.

The workers, mainly women from the Philippines, typically entered the UK some years ago, recruited to work in hospitals,

hotels or domestic service by employment agencies in their homeland.

They failed to declare that they had children when they were granted an entrance visa and a work permit for the UK.

However, the Migrants Action Group, which is conducting a campaign on the women's behalf, says that the concealment of the information was the responsibility of the agencies which recruited them, and not of the women, who were ignorant of the requirement that they be childless.

Bowater appeal to save mill

By Pauline Clark, Labour Staff

WORKERS at the Bowater newsprint mill in Ellersmere Port yesterday appealed to industry leaders for support in their campaign to save the mill from closure.

A delegation from the mill's joint union action committee urged Mr. Andrew Toop, regional director of the Confederation of British Industry in Manchester, to put pressure on the Government to give urgent financial aid.

The Government has so far resisted requests for help from Bowater which last week issued 1,600 workers with 90-day redundancy notices.

Workers, union leaders and management have made a united appeal for subsidised fuel to help the mill compete with cheap imports of newsprint from Scandinavia and Canada.

Civil Service plea on pensions

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions have told the Government's pensions inquiry that the establishment of a contributory pension fund for the Civil Service ought to be seriously considered by the Government.

Civil and other public servants' pensions have been subject to criticism for their inextricable link with retail price inflation, and for their seemingly

low staff contributions.

But the Council of Civil Service Unions, in its evidence to the inquiry concludes that civil servants pay their full share "by any accepted standards."

It acknowledges the view of some civil servants, though, that this should be more overtly recognised as contributory and the Civil Service move over to

a contributory scheme.

It says: "It may well be that the answer for all schemes is a funded, contributory scheme to final salary pension, with pay-as-you-go insurance thereafter."

If the Civil Service staffs present contribution of £347m remained the same, the Government would have to find some £481m extra to pay for a funded scheme.

Air travel set for 400% growth

BY LYNTON MCLAIN

ENERGY COSTS and the ability of companies to pay are likely to be more significant factors than energy shortages in determining the future of world aerospace industries over the next 20 years, Sir Austin Pearce, chairman of British Aerospace, said yesterday.

Sir Austin, who was chairman of Esso before joining the state aerospace corporation, said he did not believe energy was short. The question was whether the energy available would be in the form required for use in transport.

There would be no shortages of hydrocarbon fuel for aircraft propulsion if oil now used for heating were replaced by coal, nuclear and solar energy.

But the costs of making the change would have a "ripple effect" on aerospace manufacture and operations, and these costs would be a "significant factor" in the future of the industry.

Such a change would effect the cost of new aircraft and their day-to-day operating costs. But the greatest impact would be on demand for civil and military aircraft, Sir Austin told delegates at the "Aerospace into the 80s and beyond" conference organised in London by the Financial Times and the Royal Aeronautical Society.

Demand for aerospace products would be affected as

regarded this prediction as the more likely by 2000.

He believed growth would be between the most conservative view and that proposed by mathematical forecasters. But even this medium projection showed a rate of growth in passenger traffic higher over the next decade than many projections of the free world's gross national product growth.

The main markets for British Aerospace's civil aircraft products were expected to be in the developing world and Europe, rather than in the U.S., where certain "factors" make selling into the U.S. market more difficult.

However, the British Aerospace 146 airliner, which was well-suited to the developing world, might also be attractive to smaller operators in the U.S. Over the longer-range flights, "mammoth" aircraft able to carry 1,000 passengers were likely to be created. But they would require substantial financing in ground-based infrastructure such as runways, terminals and roadways.

Sir Austin wanted to know where the money would come from at a time of "very strong doubts in the financial world" about whether the current large-scale purchases of large aircraft could be supported.

He said the "snowball effect" of price-cutting in air transport was "hardly designed to boost confidence in the financial community." The result would be that existing aircraft would be kept in service longer than originally planned.

New aircraft would have to meet environmental standards, use fuel efficiently and have the most competitive operating economics, including a long airframe life.

This gave the manufacturers a challenge because the new launchers were expected with development to remain in service into the next century.

However, the picture could be changed appreciably by the impact of government financing and subsidy for some aircraft operators.

Many large airlines were, in effect, nationalised carriers. They stayed in business with government support of day-to-day operations or through government absorption of part of the building costs of new aircraft.

The effect of these subsidies would be to put pressure on the unsupported airlines. Some of these operators would have "great difficulty" in staying independent, Sir Austin said.

Increased pressure on airline operators to cut costs would also apply to the aircraft manufacturers. Companies would be expected to produce aircraft with higher efficiencies, more seats per aircraft and less time out of service. Higher reliability, longer periods between overhauls and minimum maintenance time were certain to be demanded.

In the military sphere, British Aerospace intended to continue development of the vertical and short take-off and landing (VSTOL) concept to give improved performance, while



Sir Austin Pearce, chairman of British Aerospace, and Mr. Donald Pepper, vice-chairman of Rolls-Royce, exchange views at the conference.

retaining the advantages of the British Aerospace Harrier.

Modern surveillance systems and missile developments had made airfields and bunker storage highly vulnerable. The "Harrier of the future" could provide the answer, Sir Austin said.

"A much higher performance—including supersonic capability—VSTOL aircraft is a practical proposition in the next 20 years, although it would be much more expensive than the present Harrier," he added.

Other military aircraft would also be needed by the year 2000, and more than one government was asking for a small,

the 20 years to the end of the century.

Mr. Donald Pepper, vice-chairman of Rolls-Royce, said that in the aero-engine sector growth prospects in the long term remained closely linked with the fortunes of the aerospace industry as a whole. In the short term, however, "there have been some nasty shocks and still more to come."

There was a "fair amount of bad news" today, Aircraft were under-used, and although airlines urgently needed to buy new fuel-efficient aircraft, many found it difficult to generate the funds needed.

Despite these problems, the "inexorable civilian traffic growth" to the end of the century was expected to continue. The average forecast growth rate was about 6.5 per cent per annum over the period, Mr. Pepper said.

On the civil side, aero-engine manufacturers had entered a new phase. This was in a period of consolidation and the main efforts at the upper engine thrust levels were concentrated on a "vigorous attack" towards the improvement of performance, reliability and component life.

But despite the dominance of the turbofan engine since the 1950s, a market had continued to develop for the earlier type of power plant, the low fuel consumption turbo-prop. This powered such aircraft as the BAe 748 and the Fokker F27. The latter now the largest civil programme outside the U.S. with 750 F27s sold.

Similarly, the turbo-prop 748 had been outstandingly successful and British Aerospace had now sold more 748s than Viscounts.

Mr. Pepper said the low fuel consumption of the turbo-prop aircraft was increasingly attractive. A "strong future

market" for turbo-prop was probable, especially for short-haul operations.

This market could result in the emergence of new engines in the 2,500 shaft horse power class, Mr. Pepper said. Also, a market for new 5,000 SHP turbo-prop engines might develop for 100-seat aircraft.

Engine makers had an obvious and large part to play in coping with the problems of rising fuel costs. But Rolls-Royce said innovation was also expected from the materials and accessories suppliers.

Further developments of the vectored thrust principle—as now used on the Harrier—were under way, and the technology had advanced to a stage where a supersonic fighter with vertical and short take-off capability could be made and operated at costs comparable with those of new conventional aircraft.

M. Roger Betteille, the managing director of Airbus Industrie, told delegates that "unduly pessimistic views" on the future of the world economy were not justified.

The demand for transport would continue to grow moderately and in line with population, income and economic growth.

Airbus Industrie predicted that on a "very conservative basis" up to 300 to 400 Airbus-equivalent aircraft would be delivered each year over the next decades to Western airlines.

M. Betteille suggested that, at least for short trips, airlines may "return to the propeller," provided that the difficult problems of noise could be solved.

Airbus Industrie wanted to see a further development of the cooperation already built up between European nations in aerospace. M. Betteille said this was not aimed at destroying or eliminating U.S. competition.

Boeing plans may mean new orders for R-R.

Boeing is planning a total of 11 derivatives of its basic range of five civil airliners, in a programme that may produce more work for Rolls-Royce.

The new aircraft will incorporate improvements that have become cost-effective only because of the high costs of aviation fuel, Mr. Bob Withington, Vice-President engineering, told the Boeing Commercial Airplane Company, said.

He told the conference that plans include the re-engineing of the Pratt Whitney-powered Boeing 737 twin-jet airliners.

Options being considered by Boeing include the RJ500 engine which is being developed by Rolls-Royce and a consortium of three Japanese engineering companies.

Mr. Withington said Boeing had "very firm plans" for re-engineing the 737. The new aircraft could be flying by the mid-1980s. Other plans include firm proposals to modify the 727, tri-jet airliner to improve its fuel efficiency by ten per cent.

Also by the end of the decade, Boeing expects to have redesigned the highly successful 747 Jumbo jet almost completely. The first stage is under way and calls for the upper passenger deck to be stretched to include 40 more passengers in 1982-83.

In the late 1980s, Boeing expects to introduce a new, longer high-efficiency wing and to stretch the fuselage of the main Jumbo jet fore and aft.

Engineering work on the possible use of new composite

materials for the wing is under way.

Other plans include a shorter version of the 757 twin-jet airliner ordered by British Airways and Eastern Airlines. The new 757 airliner may also be stretched to provide a long-range version.

Advanced technology aircraft being considered at the Seattle plant include the "quiet short-haul research aircraft" which uses compressed air blown over the wings to improve take-off and landing performance. The prototype aircraft—the size of a small airliner—has landed in a test on an aircraft carrier at sea.

Boeing is investigating the potential use of swept, scimitar-shaped propeller blades for use with turbo-

prop engines. This possible

return to the turbo-prop—as used on old Viscount airliners—is a direct result of the rapid rise in fuel costs which have made the Viscount, for example, more viable on some routes than the later Trident jet airliners.

Boeing envisages a propeller-driven aircraft flying at Mach 0.8, almost the speed of sound.

The company is expected to reach a final decision on what use to make of its research into light high-strength, non-metal composite materials for "airliners" by 1990.

At the moment there are no plans for "quiet" built but the way is being gradually increased in the amount of advanced materials used.

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

UNAUDITED PROVISIONAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 1980

INCOME STATEMENT	Notes	1980 (RMT's)	1979 (RMT's)
Income from investments	1	56.3	38.1
Attributable trading profits of operating subsidiaries after deducting R30.3M (1979—R25.8M) being depreciation, management fees, interest, taxation and minority share of profits	2	12.6	7.0
Fees and other revenue less administration expenses		10.8	5.7
Net interest received		2.3	0.7
Surplus on realisation of investments	3	16.3	5.2
Surplus on realisation of timber interests		—	3.9
Deduct:		98.3	60.6
Exploration expenditure less recoupments		2.6	2.8
Depreciation		0.7	0.5
Provisions against investments including amortisation of wasting assets	4	4.7	1.4
Provisions against various loans including expenditure on Otjize	4 & 5	11.7	—
Profit before taxation		78.2	55.9
Taxation		—	0.3
Profit after taxation		78.2	55.6
Less:			
Preference dividends		5.8	4.5
Equity earnings		72.4	51.1
Less: Ordinary dividends		33.7	18.1
Interim of 100c (1979—50c)		7.1	3.5
Final of 375c (1979—205c)		26.6	14.6
Retained profit		38.7	33.0
BALANCE SHEET			
Investments—at cost less provisions (at market value or directors' valuation R756.9M (1979—R475.3M))		175.8	208.2
Loans—less provisions		31.0	33.5
Marketable properties		1.8	1.9
Mining prospects		6.1	4.6
Fixed assets		67.5	63.3
Mining assets		28.9	27.1
Goodwill arising on consolidation		1.9	2.2
Current assets		399.9	199.0
Deduct: Current Liabilities		712.9	539.8
		323.2	230.5
		389.7	309.3
Financed by:			
Ordinary shareholders' equity		244.3	204.1
Preference shares and premium		80.0	40.0
Outside shareholders' interest in subsidiaries		20.4	16.0
Deferred taxation		10.6	8.0
Long-term loans		34.4	41.2
		389.7	309.3
Total number of ordinary shares issued		7,105,600	7,105,600
Equity earnings exclusive of the net amount of surplus on realisation of investments and assets less provisions		R71.9M	R43.3M
Ordinary dividends per share		1012c	608c
Net asset value per share at 30 June		12,159c	6,880c

- NOTES:
- There were increases in dividend income from all major investments, but the main contribution to the overall increase was from gold and platinum holdings.
 - The material improvement in trading profits is mainly attributable to Lenning Holdings.
 - The surplus on realisation of investments includes a profit of R11.2M which arose from the sale of a wholly-owned UK-based financial subsidiary. This sale was reported in detail in the reports and accounts for the financial year ended 30 June 1979.
 - In accordance with Johannesburg's normal practice, provision has been made against certain long-term investments in respect of which it is believed a permanent loss may be incurred.
 - The Otjize mine has been maintained during the year on a basis of care and maintenance and additional exploration and development has also been carried out. Expenditure during the year amounted to R4.5M.
 - In calculating the net asset value per share, the excess of market or directors' valuation of subsidiary companies over the net book value has been included.

On behalf of the Board
ALBERT ROBINSON | DIRECTORS
G. H. WADDELL

DIVIDEND No. 109

A final dividend (No. 109) of 375 cents per share in the currency of the Republic of South Africa has been declared in respect of the year ended 30 June, 1980. This dividend, together with dividend No. 108 of 100 cents per share paid in February 1980, makes the dividend declared out of profits for the year 475 cents per share (1979: 255 cents per share).

The dividend is payable to ordinary shareholders registered in the books of the company at the close of business on 26 September, 1980 and to persons presenting to the London Bearer Reception Office coupon No. 109 detached from share warrants to bearer in terms of a notice to be issued by the London Secretaries and published in October 1980.

The dividend is declared subject to conditions which can be inspected at or obtained from the company's Johannesburg Office, the office of the London Secretaries (Barnato Brothers Limited) of 99, Bishopsgate, London EC2M 3XE or the London Bearer Reception Office (40, Holborn Viaduct, London EC1P 1AJ).

Subject to the said conditions, payments by the London Secretaries and the London Bearer Reception Office will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 13 October, 1980, provided that in the event of the company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants dated 27 October, 1980 will be posted from either the Johannesburg Office or the Office of the London Secretaries, as appropriate on 24 October, 1980.

South African Non-Resident Shareholders' Tax at the rate of 14.33% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will be closed from 27 September to 3 October, 1980, both days inclusive.

By Order of the Board,
M. J. MEYER,
Secretary.

Head Office and Registered Office:
Consolidated Building,
Cor. Fox and Harrison Streets,
Johannesburg, 2001.
(P.O. Box 590, Johannesburg 2000).
26 August, 1980.

حسابات المصارف

MANAGEMENT

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Mortgage relief

If I buy a house in Florida as an investment property can I show interest payments under No. 63 on my UK tax return provided the property is let at a commercial rent for more than 26 weeks in the year?

No. Relief for current property purchase mortgages is restricted to property in the United Kingdom or in the Irish Republic. You will find general guidance in a free booklet which is obtainable from most tax inspectors' offices: IR11 (Tax treatment of interest paid).

Nominee sublet

I am the owner of a leasehold flat which I am considering renting furnished. However, my lease provides as follows: (1) The cost of insuring the building (this forming part of the service charges), whereas the managing agents have obliged me to insure direct with the insurers. (2) Not to assign underlet or part with possession of the flat without first obtaining from the assignee transferee underlessee or undertenant a covenant directly with the lessor to pay the covenanted contribution (i.e. service charges).

It will be difficult for me to comply with this provision owing to the unwillingness of tenants to enter into such a covenant, and because the rent will be fully inclusive of service charges. Could you please suggest a way of overcoming this difficulty?

It is doubtful if the managing agents had any power to require you to insure direct with the insurers, but as that gives you greater freedom it would probably be wiser not to pursue the matter. You can allow for such costs in the rent charge. The solution to your other problem appears to lie in subletting to a nominee (who will covenant with the lessor as required), who will then sublet without having to require the tenant to enter into any such covenant.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Why a City financier developed a penchant for France

The Charterhouse Group is forming liaisons with an increasing number of French companies. Nicholas Leslie reports

WHEN THE directors of the Charterhouse Group, the British investment and banking concern with unusually wide industrial interests, crossed the Channel this year to hold their first Board meeting on French soil, it was for a particularly significant reason.

The meeting place was an elegant, high-ceilinged office just off the historic Place Vendôme in Paris, where Charterhouse S.A., the group's French development capital subsidiary, has its headquarters. The significance of the occasion was that it reflected the group's belief that S.A.'s activities had finally come of age, and that France is a highly promising area of investment.

Charterhouse S.A. has reached such maturity well before its 21st anniversary. It was set up only eight years ago to tap the French development capital market and now has a portfolio of 12 investments in manufacturing, distribution and service industries; the number should rise to 14 by the end of the year. The company has integrated itself into the local financial market and, in addition to investing independently, now makes joint investments with other Continental banking and investment organisations.

That the company is still the only British development capital company operating systematically with a French base, is surprising, given the enthusiasm of Roger Elmhirst, Charterhouse S.A.'s chairman, for the French market and his belief in its potential.

One reason Charterhouse is in France is that it believes that it makes sense to spread its group development capital activities outside the UK. To this end it has specialist subsidiaries in the U.S. and Canada. France, though, is the only non-English speaking area where it indulges in this type of investment. It dipped a toe into Germany a few years ago, but withdrew after finding the potential rather limited and the competition substantial, in the form of the major national and regional banks.

Elmhirst—who set up Charterhouse S.A. and who had previously worked for some years on the Continent as European manager of the Cerebos



foods group—is enthusiastic about France not only because of the size of the market, but also because of what he sees as a relative lack of constraints on companies. He cites less burdensome tax laws and a generally less restrictive environment for companies of the size which attracts Charterhouse.

When it researched the French potential in 1972, Charterhouse found that development capital in the sense of the provision of equity finance to owners of private small and medium sized companies—was very underdeveloped in France. Though the major French banks had the facilities to make such investments, few were doing so, says Elmhirst. He believes this was partly because they felt vulnerable to the possibility of being held responsible for all the liabilities of a small company where they were both banker and shareholder.

Liberal

The general climate surrounding smaller companies has subsequently changed, however, as it has in many countries, including the UK. In particular, the liberal economic attitude of the French Prime Minister, Raymond Barre, has helped promote more funding for small and medium sized business, particularly by the major nationalised French banks. The most recent initiative was last month's creation of the state-backed Crédit d'Équipement des Petites et Moyennes Entreprises, which draws together three institutions already active in financing small and medium sized companies in a bid to clarify financing for this sector.

It may be no more than a happy coincidence, but the coming of age of Charterhouse's French company has

occurred at a time when the group as a whole has been assuming a much more public profile than in recent years. A more aggressive approach has been noticeable and, in order to realise funds for reinvestment, Charterhouse has been actively divesting itself of some (mainly British) interests where it has been a long-standing shareholder.

This began last November with the selling of the Spring Grove Services subsidiary for around £10m and the Glaxo Euthoven insurance broking subsidiary to Jardine Matheson, the Hong Kong trading group, for £11.7m. Most recent has been the flotation of 51 per cent of Charterhouse Petroleum, which has valuable North Sea interests. In between came the highly significant purchase for £44m of Keyser Ullmann, the secondary bank which has been hauling itself back from the brink of the 1973-74 banking crisis and which will now form a valuable extension to Charterhouse's banking interests.

Charterhouse has a major and long-standing commitment to development capital activities, although in the UK there was something of a hiatus in the mid to late 1970s when both development and venture capital generally languished in the doldrums. The majority of the UK activity is channelled through Charterhouse Development Capital (where several major outside institutions are majority shareholders).

Overseas, though, the group has been quietly expanding its development capital business. It now has over 11 investments in the U.S. and Canada, in companies ranging from computer software to meat processing. Shareholdings generally range in size from just 10 per cent



Roger Elmhirst: placing Charterhouse SA in the hands of French management.

currencies have been relatively stable; and its balance of payments and trade have also not been as erratic as other major European countries.

Though Elmhirst set up the French company and remains chairman of it, operational management has been in the hands of a French managing director, Michel Knibbeler, for some time now. Knibbeler, 43, has the kind of background Charterhouse likes to bring to bear on its development capital activities—that is, industrial as well as financial experience. He was for nine years industrial fibres manager for the Rhone-Poulenc group, and then for four years a partner in Cedev, a French private investment company, before joining Charterhouse in 1977. On his shoulders rests much of the burden of monitoring the market and co-ordinating the management input which S.A. provides for the companies in which it invests.

Another S.A. executive, André de Sike, also has a diverse background. A naturalised Frenchman (Hungarian by birth), de Sike, 42, has worked in marketing for Ciba-Geigy S.A. in Switzerland, Eurofinance in Paris, and as manager of the petrochemical department of Gazocoan, in Paris.

Significantly, British accounting practices are followed. The French company's accountant is Frank Thorogood, who since qualifying as an English chartered accountant has worked

largely overseas—with Price Waterhouse in Frankfurt and Paris, before moving into industry with Control Data in Brussels, Le Froid Industriel York (part of Borg-Warner), in France, and then joining Charterhouse in 1979.

Though Charterhouse S.A. has suffered two failures with its investments, its strategy is not high risk, with the company seeing its role as both providing a means whereby well established entrepreneurs can realise some of their capital, and as a source of management advice. This latter function needs particularly delicate handling, however, given that Charterhouse is dealing with highly individual characters who are more used to making their own decisions than listening to the ideas of others.

Advice

Nevertheless, Knibbeler and his team believe they are looked upon as peers by the entrepreneurs in whom Charterhouse has invested. As such, they are looked to for advice not only on finance, but in such areas as expansion and diversification, cash deposits, refunds, plant and on strategy for future operations.

Charterhouse is now investing in a range of companies from Lyon in the south, to Lille in the north. Its investments have steadily veered more towards the service industries.

a pattern which has followed the general shift of the French employed population in the past 10 years. While service industries now employ around 60 per cent of the population, compared with 53 per cent a decade ago, industry employs 39 per cent, against nearly 44 per cent.

The irony of Charterhouse's changing direction, though, is that its preference is now much more for industries where technology can reduce labour intensiveness and thus the degree to which a company is exposed to labour difficulties.

In recent years, many French companies have moved into the business area that Charterhouse S.A. occupies, although not in such a specialist way. Nonetheless, it competes on occasion with such organisations as the 15 Sociétés de Développement Régional (SDRs), regional financing bodies which have state funding. There are also the big banks' merchant banking subsidiaries, such as Banque Nationale de Paris Banexi and Crédit Lyonnais's Banque Occidentale. Most recently has come the creation—on the initiative of the Ministry of Finance—of new regional bodies. These are Siparex, in the South East, Particex in the North and Iad Ouest in the West. These have private institutional shareholders, including Britain's Industrial and Commercial Finance Corporation.

The lack of direct competition faced in France by Charterhouse from British financing institutions could, of course, change significantly in the not too distant future. Last year's removal of Britain's exchange controls is one factor that has probably led to UK institutions eyeing the Continent with new interest. And although they still exist in France there has been considerable speculation that controls will be eased, if not removed altogether at some time. That, however, has been a persistent rumour which has shown no real signs of being proved correct or buried.

French exchange control has never really worried Charterhouse, however. It has always enjoyed good relations with the French authorities, says the company, and feels this is unlikely to change, particularly in the operations of such a strong French orientation and French management.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

RESEARCH

Springs are put to the test

A £100,000 facility for testing to destruction vehicle coil and taper leaf springs has been added to Bramber Engineering's research and development establishment at Tonypandy, Wales.

The electro-hydraulic fatigue testing machine from Schenk is one of the first of its type to be installed in Europe. It can apply loads of up to 20 tonnes, sufficient for most truck springs, and go from low to high load at a cycle time of 100 a minute (1.6 hertz). This "jounces" a leaf spring until it assumes a reverse curve well beyond the point at which a bump stop would arrest it.

Both the frequency and load capacity of the test can be adjusted to customer requirements and will ensure that the expected endurance of the

spring will be achieved. The other side of the machine can simultaneously test car coil springs two at a time. As a pure test facility it shows whether a customer's spring specifications will achieve the desired results, including durability, and as a production tool improves Bramber's quality control. This is expected to be valuable in increasing exports, currently running at 15-20 per cent for coil springs.

A principal feature of the machine is that the main hydraulic actuator is of the pre-load design. In effect this is a two-stage cylinder which considerably reduces the size of the power-pack and results in a worthwhile energy saving. Bramber Engineering, Cape Works, Tonypandy, Rhondda, Mid Glamorgan CF40 2SF.

PETER CARTWRIGHT

Design of mixers

SUPPORT FROM industry is being sought by BHRA Fluid Engineering for the second phase of its investigation into the dynamic loadings in mixing vessels.

In the period 1978-79, BHRA undertook a programme of theoretical, laboratory, and on-site research, largely funded by ICI and the Chemicals and Minerals Requirements Board of the Department of Industry, aimed at producing a design guide to assist process engineers in the selection of agitators and ancillary equipment.

BHRA says that as a result of this work it is close to producing a valid method of

making full-scale predictions of mixer shaft loads, which could benefit both manufacturers and users of the equipment.

Many operations in the chemical and allied processing industries involve agitating the process liquor with an impeller mounted on a shaft which enters the mixture from the top. In some cases, this shaft can undergo violent vibration, causing failure of bearings, seals, and even the shaft itself.

To guard against such expensive failures, shafts are frequently over-designed, making them unnecessarily costly to produce.

BHRA says it can now optimise the selection of agitators, shaft speeds, baffle sizes and locations, impeller types, and so on, for a given application. BHRA has therefore set up a project which will enable users and manufacturers to share the cost according to the numbers involved. The Chemicals and Minerals Requirements Board has already indicated its interest in the proposal, subject to industrial participation, and companies are now being invited to write for further details to Geoff Pollard or David Crow at BHRA Fluid Engineering, Cranfield, Bedford MK43 0AJ (0334 750432).



As can be seen here, this fork lift truck can be used for lifting and shifting helicopters as well as the more usual stacking of loaded pallets. The truck is the 4-tonne diesel R43 made by Still GmbH of Hamburg which has its UK headquarters at Oxford Street Industrial Park, Oxford Street,

Bilston, West Midlands WV14 7DH. In this country the company is known as Still Materials Handling. It is just putting on the market a new electric forklift truck called the R60. Lifting capacities will be from 1½ to 4 tons.

HANDLING & STORAGE

Plate glass transporter

DESIGNED ORIGINALLY by James Clark and Eaton for use in its own works, a new type of glass transporter has been adapted for carrying plate glass on the sites on which it is to be installed. It is particularly suitable for use when vehicle access is restricted and large plates need to be transported over long distances and it is now being offered generally to the trade.

In standard form, the transporter will carry glass up to 0.75 tonne but itself weighs only 68 kg. It has a maximum extension between uprights of

3400 mm—and an extended upright height of 2,100 mm. Glass is transported vertically and held securely in position by suction pads. Easy movement is obtained by using heavy duty industrial casters 203 mm in diameter.

James Clark and Eaton is one of the largest flat glass processors and distributors in the UK and recently invested around £250,000 on re-equipment of its works. In 1979 it handled more than 1.5m square metres of glass in its factory at Bracknell, Berks.

Handling of asbestos

A NEW British trade organisation, the Asbestos Removal Contractors Association has been set up.

It has been formed, by several of the country's major asbestos removal companies, to "promote and maintain the critical safe working standards required for handling and removal of asbestos and other airborne fibrous materials."

METALWORKING

Cuts metal to shape

A PORTABLE metal cutter has been launched by British Oxygen. The company claims that the new machine, the Bantam 4, can cut strips, bevel plate edges in preparation for welding, cut circles and hand guided profiles. It weighs only 10 kg with a

single blowpipe fitted, or 12 kg with two blowpipes. The single version can cut metal up to 150 mm thick at speeds of up to 125 mm a minute. It uses acetylene, natural gas or propane as fuel. The Bantam 4 costs £415. John Davies will tell you more on 01-748 2020.

FINISHING

Palladium plating process

MANUFACTURERS SEEKING a substitute for gold or rhodium for purposes such as the plating of low current contacts could consider palladium. Degussa, the West German engineering specialist, has just launched a new palladium plating bath which, it claims, enables palladium coatings of exceptionally high quality to be deposited.

It goes on to say of the coatings: "Their brilliance, colour and mechanical and electrical properties are in many cases comparable with the coatings of far more expensive precious metals."

The coating bath is a new innovation Degussa says. It works at room temperature and at a pH of approximately 1. The electrolyte is claimed to be unaffected by metallic impurities and it is suitable for either frame or drum plating systems. The Electroplating Group of Degussa is on (0611) 2 18-28 60.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

DATA PROCESSING

New packages and systems

THE TREND to computer software packages continues unabated with new products launched weekly. Among the latest are a fixed assets accounting package from Pentagram Software Products. The package is written in the computer language RPG II (Report Program Generator) and Pentagram claims that it is compatible with almost all computer systems.

The program is claimed to meet the requirements of the accounting standard SSAP16 which covers assets, working capital and gearing.

The package, called Sapphire, can be installed and customer staff fully trained in its use in two weeks. The customer has to have a computer, of course. John Power, managing director of Pentagram, points out that the package already runs on IBM System 3 and System /34 and ICL 2904 machinery—you also have to have an RPG II compiler. Mr. Power says: "I cannot think of any manufacturer who charges for the RPG compiler."

His users include Wilkinson Match of High Wycombe, Ideal Toy of Wokingham and the photographic chemicals manufacturer Agfa Gaevar.

The cost of the package is £4,500 including source and object programs and full documentation (that means you not only get the programs the computer understands you get the programs you understand). The reports provided are: depreciation charge, asset register, development grant, addition, deletions, replacement cost, replacement cost for assets disposed, depreciation analysis, depreciation analysis by profit and loss.

John Power will tell you more on 02404 4941.

DRG Business Machines has introduced a suite of programs

for tool, plant and vehicle hire businesses. They run on the Cado business microcomputer for which DRG is the UK distributor.

DRG says that the hire information is processed from the point of signing of the contract to the final payment; files are maintained on hire rates, values, receipts, costs, depreciation, cash deposits, refunds, plant contract details and all the rest of the interrelated data necessary to a successful hiring operation.

The systems produce reports covering, for example, utilisation summaries, profit and loss by vehicle or plant item, branch analyses, service alerts and audit trails.

The three systems on offer link into Cado's standard accounting software and any of the systems can be set up, together with the general accounting suite, on the smallest configuration of the Cado IV for around £12,000. More details from Mike Kilmartin on 0934 415398.

As microprocessor technology advances, it is again becoming possible for companies other than the ICLs, CITs and Digicos to describe themselves as British computer companies. The fact that the processor chips are American or Japanese and the parent company is Dutch is incidental; the UK is good at designing microcomputers.

Interset Computer Systems of Midsomer Norton (0761 232606) has now launched a business system based on its IS 2000 machine.

A typical small system, comprising two visual display terminals, the microcomputer itself together with 64K bytes of fast memory, 10-20 Megabytes of disc memory and a 150 character per second matrix printer costs £17,500.

Atlas Copco compressed air systems.
A force put to work for you.

The larger version with eight terminals, much more memory and a faster printer costs about £47,000.

The packages available on the system include modules for stock control, order processing, sales ledger, purchase ledger and nominal ledger. The IS 2000 was designed in the UK; Interset is a subsidiary of the Dutch company International Zet Centrum.

Meanwhile, Midlands Computing Centre, the Birmingham bureau of Geest Computer Services, is the latest to offer a modern variation on the time-sharing theme.

It will sell you the use of a piece of computer—the charge is the same if you use it all day long or if you use it once a day.

It is like having your own machine, without having to make the initial capital investment.

The service is called MOLES. It runs on a Texas Instruments 980/10 minicomputer and all the user has to buy are his own terminals and printers. A vdu and printer might cost £3,700.

According to Chris Evans of the Computer Centre the cost of running a sales, purchase and nominal ledger system would be in the region of £7,000 a year with a licence charge of £250 for each package of application software. Chris Evans will explain the complete system on 021-643 4748.

The 3rd Personal Computer World Show

CHIPS WITH EVERYTHING?

Find out the truth about the microcomputer and how it affects you. Visit the 3rd annual Personal Computer World Show, sponsored by Europe's leading microcomputer magazine.

Conrad Hotel, Hammer Smith, London W8. 4—6 September 1980. Open 1000—1900 (early close at 1600 Saturday). Tickets £2.00 at door, £1.50 if prebooked through the organisers: Mounibuild Ltd., 11 Manchester Square, London W1M 5AB. Tel: 01-486 1951.

SAVE ON TRAILERS

SEE YELLOW MARKERS FOR LOCAL STOCKISTS

BUSINESSMEN RUN OUT NOW! TRAILERS FOR SALE! LOWEST PRICES! LIMITED STOCK!

Dept. FT, Birmingham Services Ltd. Birmingham, Tel: 021-624 5434

Indespension SERVICE NATIONWIDE

LOMBARD

Mr. Lawson and Conservatism

BY PETER RIDDELL

THATCHERISM has always been more akin to a coup d'état than a broadly based movement. Most Tory supporters and many businessmen may sympathise with the ends (who does not want a lower inflation rate?) but they remain markedly sceptical about the means. Consequently, the Thatcherites have been keen to broaden the base of their support.

Influential

The latest contribution came earlier this month from Mr. Nigel Lawson. His views matter since he occupies a key position in the generation of ideas about economic policy and in their implementation. Mr. Lawson is the most influential Financial Secretary to the Treasury for a long time; as such he is not exactly popular in either the rest of Whitehall or at Westminster. But neither his actions nor his words can be ignored.

Mr. Lawson's thesis is that the Conservative programme at the last election marked a conscious change of direction from the policies of both parties since the war: hence the title of his lecture was "The New Conservatism". He argues that over the past 25 years the Conservative Party has to a greater or lesser extent embraced the social democratic delusions of the efficacy of Government action and a commitment to the idea of equality. But "The New Conservatism" of the current administration represents a rejection of these "false traits" and a return to the mainstream and broad traditions of Conservatism.

At one level the lecture can be seen as part of an internal party debate and in effect a reply to Sir Ian Gilmour's appeal for a non-ideological and flexible Toryism. Politicians, like economists, all seem to have a need to justify themselves by reference to their ancestors. Mr. Lawson in theory deplores heresy hunting of this kind, though he concedes that "The New Conservatism" is more ideological than the traditional approach because there is now no com-

mon currency of ideas in politics.

The lecture is also of interest to people outside the ranks of committed Tory supporters, since Mr. Lawson seeks to make out the general case for the market economy. He cogently argues for a greater reliance on markets despite their undoubted imperfections, and in part because of the practical imperfections of state intervention. Similarly, Mr. Lawson justifies monetarist policies—he maintains that the need for them was only masked in the post-war period by the fixed exchange rate system and the non-inflationary policies of the U.S.

Mr. Lawson is much less convincing in arguing that this economic approach is inextricably linked to Conservatism. It may be true that in Britain at present these economic policies are only likely to be advocated with much conviction by Tory Ministers, though they may be adopted, without fanfare, by a Labour administration, as in 1978-79. Yet Social Democrats in West Germany and Austria believe that a commitment to monetarism and a market economy is perfectly compatible with their social and political goals of reducing inequality.

Paternalism

There are a number of people sympathetic to parts of the current economic strategy—notably as set out in the March 1980 Budget—rather than the June 1979 Budget—who do not share the political values traditionally associated with Conservatism. They do not believe that a market approach to the economy need necessarily be linked with paternalistic and occasionally illiberal social policies and the protection of the vested interests of existing wealth. Mr. Lawson may paradoxically be in danger of undermining general support for monetarism and the market economy by identifying them so closely with Conservatism.

"The New Conservatism," by Mr. Nigel Lawson, price 75p (plus 15p postage) from Centre for Policy Studies, 15, Wilfred Street, London, SW1.

EXPERT GARDENERS like to complain about August. They say that their plants look tired, that their roses are all over and that there is too much yellow. I can only presume that they are too exhausted to grow bedding plants, and that they are blind to the charm of nasturtiums. I assume, too, that they are not clued up about silver leaves. There are other pleasures, too, for August, the seed-heads on the fennel, the best of the large-flowered clematis and the blues and the whites of the hardy agapanthus, one of the garden's greatest gains in the past 30 years.

But I like it best when the bright colours of annual flowers are matched with silver leaves, a taste in which modern gardeners have added much to the boring old silver *Cineraria* and *Senecio* which plod along in the designs of park-keepers and minor garden designers. Almost everything silver responds to trimming and multiple cutting, and they all have the same taste: dry soil and extremely sharp drainage. They are seldom much good on a heavy clay soil, but it is a fallacy that they are a dead loss in towns. Now that most city atmospheres are smokeless, you can grow good silver plants in

any sunny garden where you can drain the soil properly. Buy one of each sort you fancy, and multiply them into 20 after their first season. Only a few autumnals are awkward from cuttings, while almost everything else roots and divides easily.

I am always on the look-out for good new arrivals in the silver plants. Over the past three years I think that the new form of deadnettle, called *Lamium Beeson* Silver, has proved its excellence. For a start, it breaks the rules of the preceding paragraph. It is best in a rich, damp soil in shade. There it spreads into a mass of pale grey-green leaves, silver as if someone had showered them with paint. The mauve-pink flowers are quite in harmony and the whole plant is easily divided from small pieces begged off a friend. It is a pretty companion in front of a late pink rose like that fine, small-flowered variety, *The Fairy*.

Higher up, for dry soils only, I favour good clumps of a shrub called *Perovskia*. Its home, surprisingly, is the Himalayas where I would imagine the weather to be too wet for it. In the garden, it is one of the refined glories of August, a tall spire of grey leaves on grey

white stems which cover themselves with lavender flowers. You have to prop it up to see it at its finest, some 4 ft high where the drainage is good. The best buy here is the form called *Blue Spire*, if you order it from a reputable nursery. Mix grit and sand into a light loam and allow it to face west or south. Regrettably, I do not recommend the lovely white flowered *Californian Poppy* to any but the most adventurous and least complaining gardener. The

garden a fortnight ago I envied its expert owner to the point of wanting to move to the far side of her brick wall in the hope that its long roots would run underneath and go wild there, too.

In a clump 10 yards wide it had made a mass of white flowers which had been established for 30 years or so. The roots break and refuse to take hold if you dig up suckers from mature plants and move them directly. Pot-grown stock is

a frightful shade of lemon yellow that people often ask whether there is a non-flowering form. To avoid them, you have to clip the bushes hard in May and again in early July. The naming of varieties is a muddle, so you can never be sure what you are getting.

When happy, their great mounds of silver-grey leaf become too large for most sites, like a giant footstool. You have to clip them every spring to make up for the dead wood. Nurseries have a way of selling you the one called *Neopolitanus* which is green-leaved and quite pointless. Like the fibrous-rooted begonia, this plant is best left to the French.

Instead, I would be content with the tough old *Artemisia* splendens, the pick of the family for its reliable habits and lovely mass of pale silver leaves, like foam in late summer. It reaches a height of two feet and should be cut back savagely in April. Anyone can grow it, as well as *Lambrook Silver*, a different plant if you remember to cut it fiercely in early July and stop it producing its awful stems of flower.

I put these two silver plants at the head of the list for civilised borders, matched with

two plants which must be stopped from setting seed, the biennial *Verbascum* with its felted white leaf and the lovely silver *salvia*, a shockingly neglected plant whose hairy leaves glisten in the dew on a damp August morning.

If you stop these plants from flowering, they last for years in any dry place, quite equal to any recent winter on my cold soil. The *Verbascum* is more at risk to slugs, which eat holes in its delicious leaves, than to winter wet. If either plant seeds, it dies, but will leave a host of useful children in unlikely places.

Armed with these silver leaves, you can make free with the hottest annual colours, the orange daisies and the brown and orange *Rudbeckias* which can look too strident on their own. Personally, I like pinks, blue and silver leaves, or pale primrose and silver better than the hot summer yellow. In this, at least, I am at one with those of you who mistrust the August garden. But by mixing leaves with flowers, and keeping an eye for good silver and grey plants, you can make even a marigold look quite tolerable and raise a bed of daisies to the point where it is not too hot to look at.

GARDENS TODAY

BY ROBIN LANE FOX

chances are that it will refuse to settle in for three years, and then die. I cannot resist describing it because it is so marvellous. Perhaps if you live on a hot chalk soil, with a touch of play in it, you can face this lovely *Romneya* south or west and leave it for several years to run as widely as it wants.

When happy, its finely cut grey leaves go as high as 5 ft, and the huge white flowers are like satin round a centre of yellow stamens which rivals any peony. To see it is to want it, and in a private Sussex

your best hope, and I have heard it said with authority that it settles more easily away from the walls which gardeners usually try to force on it. Quite hardy, the *Romneya* is a star turn, though a spectacular risk.

Do I like *Cotton Lavender*? The question comes from a reader who is planning a formal garden in the French style, and wants to match it with blue lavenders, hyssop and the lovely white valerian? To be frank, I do not. The plants smell unpleasantly. The flowers are such

Elkie returns in her best form

NO FAVOURITE was on the corresponding afternoon at Yarmouth a year ago when Paul Cook achieved a four-timer, and it could be a similar story at the seaside track today—despite the presence of Lester Piggott on a number of short-priced favourites.

RACING

BY DOMINIC WIGAN

My idea of the afternoon's best prospects is Elkie who goes for the Manby Selling Handicap, a confirmed fast ground specialist who has already shown her appreciation for this track—can take advantage of the stone she receives from Piggott's mount. Years Ahead.

Turning to Bath, where favourite backers had to wait

bought out of Paul Cole's stable.

Although she failed to make any impression in five attempts during the first half of this season, Elkie finally produced an encouraging run at Windsor 16 days ago. There the Radlett filly, whose trainer notched a personal best tally of 15 last term, showed that she was back to something approaching her best form with a third place effort in apprentices race over six furlongs.

With an additional quarter mile in her favour this afternoon, Elkie—a confirmed fast ground specialist who has already shown her appreciation for this track—can take advantage of the stone she receives from Piggott's mount. Years Ahead.

Turning to Bath, where favourite backers had to wait

until Taj Almidan's unrepentant victory in the finale a year ago. Smuggle looks capable of adding to the steady Sir Mark Prescott flow of winners with a win the Bristol Nursery.

Although it was only in a seller that the Newmarket representative just prevailed at Redcar a month ago, recent homework suggests that he has come on a good deal.

SCOTTISH

10.00 am Tenor Race, 10.50 Call it Macaroni, 11.15 Tenor Race, 11.35 News and Road Weather, 12.00 News and Road Weather, 12.45 General Hospital, 1.15 Popeye, 1.30 Crossroads, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland Today News, 11.55 Scotland Today News, 12.00 Scotland Today News, 12.05 Scotland Today News, 12.10 Scotland Today News, 12.15 Scotland Today News, 12.20 Scotland Today News, 12.25 Scotland Today News, 12.30 Scotland Today News, 12.35 Scotland Today News, 12.40 Scotland Today News, 12.45 Scotland Today News, 12.50 Scotland Today News, 12.55 Scotland Today News, 1.00 Scotland Today News, 1.05 Scotland Today News, 1.10 Scotland Today News, 1.15 Scotland Today News, 1.20 Scotland Today News, 1.25 Scotland Today News, 1.30 Scotland Today News, 1.35 Scotland Today News, 1.40 Scotland Today News, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland Today News, 11.55 Scotland Today News, 12.00 Scotland Today News, 12.05 Scotland Today News, 12.10 Scotland Today News, 12.15 Scotland Today News, 12.20 Scotland Today News, 12.25 Scotland Today News, 12.30 Scotland Today News, 12.35 Scotland Today News, 12.40 Scotland Today News, 12.45 Scotland Today News, 12.50 Scotland Today News, 12.55 Scotland Today News, 1.00 Scotland Today News, 1.05 Scotland Today News, 1.10 Scotland Today News, 1.15 Scotland Today News, 1.20 Scotland Today News, 1.25 Scotland Today News, 1.30 Scotland Today News, 1.35 Scotland Today News, 1.40 Scotland Today News, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland Today News, 11.55 Scotland Today News, 12.00 Scotland Today News, 12.05 Scotland Today News, 12.10 Scotland Today News, 12.15 Scotland Today News, 12.20 Scotland Today News, 12.25 Scotland Today News, 12.30 Scotland Today News, 12.35 Scotland Today News, 12.40 Scotland Today News, 12.45 Scotland Today News, 12.50 Scotland Today News, 12.55 Scotland Today News, 1.00 Scotland Today News, 1.05 Scotland Today News, 1.10 Scotland Today News, 1.15 Scotland Today News, 1.20 Scotland Today News, 1.25 Scotland Today News, 1.30 Scotland Today News, 1.35 Scotland Today News, 1.40 Scotland Today News, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland Today News, 11.55 Scotland Today News, 12.00 Scotland Today News, 12.05 Scotland Today News, 12.10 Scotland Today News, 12.15 Scotland Today News, 12.20 Scotland Today News, 12.25 Scotland Today News, 12.30 Scotland Today News, 12.35 Scotland Today News, 12.40 Scotland Today News, 12.45 Scotland Today News, 12.50 Scotland Today News, 12.55 Scotland Today News, 1.00 Scotland Today News, 1.05 Scotland Today News, 1.10 Scotland Today News, 1.15 Scotland Today News, 1.20 Scotland Today News, 1.25 Scotland Today News, 1.30 Scotland Today News, 1.35 Scotland Today News, 1.40 Scotland Today News, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland Today News, 11.55 Scotland Today News, 12.00 Scotland Today News, 12.05 Scotland Today News, 12.10 Scotland Today News, 12.15 Scotland Today News, 12.20 Scotland Today News, 12.25 Scotland Today News, 12.30 Scotland Today News, 12.35 Scotland Today News, 12.40 Scotland Today News, 12.45 Scotland Today News, 12.50 Scotland Today News, 12.55 Scotland Today News, 1.00 Scotland Today News, 1.05 Scotland Today News, 1.10 Scotland Today News, 1.15 Scotland Today News, 1.20 Scotland Today News, 1.25 Scotland Today News, 1.30 Scotland Today News, 1.35 Scotland Today News, 1.40 Scotland Today News, 1.45 Scotland Today News, 1.50 Scotland Today News, 1.55 Scotland Today News, 2.00 Scotland Today News, 2.05 Scotland Today News, 2.10 Scotland Today News, 2.15 Scotland Today News, 2.20 Scotland Today News, 2.25 Scotland Today News, 2.30 Scotland Today News, 2.35 Scotland Today News, 2.40 Scotland Today News, 2.45 Scotland Today News, 2.50 Scotland Today News, 2.55 Scotland Today News, 3.00 Scotland Today News, 3.05 Scotland Today News, 3.10 Scotland Today News, 3.15 Scotland Today News, 3.20 Scotland Today News, 3.25 Scotland Today News, 3.30 Scotland Today News, 3.35 Scotland Today News, 3.40 Scotland Today News, 3.45 Scotland Today News, 3.50 Scotland Today News, 3.55 Scotland Today News, 4.00 Scotland Today News, 4.05 Scotland Today News, 4.10 Scotland Today News, 4.15 Scotland Today News, 4.20 Scotland Today News, 4.25 Scotland Today News, 4.30 Scotland Today News, 4.35 Scotland Today News, 4.40 Scotland Today News, 4.45 Scotland Today News, 4.50 Scotland Today News, 4.55 Scotland Today News, 5.00 Scotland Today News, 5.05 Scotland Today News, 5.10 Scotland Today News, 5.15 Scotland Today News, 5.20 Scotland Today News, 5.25 Scotland Today News, 5.30 Scotland Today News, 5.35 Scotland Today News, 5.40 Scotland Today News, 5.45 Scotland Today News, 5.50 Scotland Today News, 5.55 Scotland Today News, 6.00 Scotland Today News, 6.05 Scotland Today News, 6.10 Scotland Today News, 6.15 Scotland Today News, 6.20 Scotland Today News, 6.25 Scotland Today News, 6.30 Scotland Today News, 6.35 Scotland Today News, 6.40 Scotland Today News, 6.45 Scotland Today News, 6.50 Scotland Today News, 6.55 Scotland Today News, 7.00 Scotland Today News, 7.05 Scotland Today News, 7.10 Scotland Today News, 7.15 Scotland Today News, 7.20 Scotland Today News, 7.25 Scotland Today News, 7.30 Scotland Today News, 7.35 Scotland Today News, 7.40 Scotland Today News, 7.45 Scotland Today News, 7.50 Scotland Today News, 7.55 Scotland Today News, 8.00 Scotland Today News, 8.05 Scotland Today News, 8.10 Scotland Today News, 8.15 Scotland Today News, 8.20 Scotland Today News, 8.25 Scotland Today News, 8.30 Scotland Today News, 8.35 Scotland Today News, 8.40 Scotland Today News, 8.45 Scotland Today News, 8.50 Scotland Today News, 8.55 Scotland Today News, 9.00 Scotland Today News, 9.05 Scotland Today News, 9.10 Scotland Today News, 9.15 Scotland Today News, 9.20 Scotland Today News, 9.25 Scotland Today News, 9.30 Scotland Today News, 9.35 Scotland Today News, 9.40 Scotland Today News, 9.45 Scotland Today News, 9.50 Scotland Today News, 9.55 Scotland Today News, 10.00 Scotland Today News, 10.05 Scotland Today News, 10.10 Scotland Today News, 10.15 Scotland Today News, 10.20 Scotland Today News, 10.25 Scotland Today News, 10.30 Scotland Today News, 10.35 Scotland Today News, 10.40 Scotland Today News, 10.45 Scotland Today News, 10.50 Scotland Today News, 10.55 Scotland Today News, 11.00 Scotland Today News, 11.05 Scotland Today News, 11.10 Scotland Today News, 11.15 Scotland Today News, 11.20 Scotland Today News, 11.25 Scotland Today News, 11.30 Scotland Today News, 11.35 Scotland Today News, 11.40 Scotland Today News, 11.45 Scotland Today News, 11.50 Scotland

THE ARTS

American television

A new force in the ratings war

by FRANK LIPSUS

The American television ratings race was enlivened this year by the sudden resurrection of CBS. Because ABC has dominated the ratings for the past three years, it was expected to continue its record with a schedule dominated by teen-age sitcoms like *Mork and Mindy*, *Happy Days*, *Two's Company* and *Benson*. As in past seasons, CBS got off to such a slow start that it also trailed behind NBC and gave that network hope that its new programming whiz, Fred Silverman, had finally found the formula to raise the fortunes of the perennial number three network.

CBS did not win a week's ratings till the sixth week of the season. When it did, the achievement was attributed to a fluke, especially because it involved high ratings for *60 Minutes*, a news magazine programme aired early on Sunday evenings in compliance with regulations meant to promote quality public-service shows at the expense of ratings. Yet *60 Minutes* turned up number one in the ratings.

From there, the ratings saw-sawed all season. ABC got ahead with the Winter Olympics and both networks spent a lot of money showing notable film successes that cost them as much as \$10m for a pair of screenings. CBS won only in the last week of the season, having benefited from high ratings for a two-part fictional documentary about the mass suicide in Jonestown, Guyana. The sweetness of CBS's victory has not been diminished by its being achieved by less than the

accepted margin of error of the ratings services. Robert A. Daly, who has been the president of CBS entertainment division since 1977, earned the credit for the network's success, though in an interview conducted in his Hollywood office, he attributed CBS's resurgence to a long-term strategy that finally came together just as the popularity of ABC's established teen-age sitcoms had peaked and begun to diminish.

For its part, ABC had a "go-for-broke" strategy that diluted the concentrated strength it had in sitcoms on Tuesday and Thursday evenings. Instead of leaving its highly rated shows packed together as it had done in the past, it spread them around the week as evening lead-ins meant to bolster new shows scheduled to follow them. When the older sitcoms began to falter at mid-season, ABC had diluted itself out of number one.

Schedule juggling, a mid-season sport comparable with exchanging cards in poker, did not substantially change ABC's position. Every week was an open battle, dependent more on special programmes like television films and sports shows than on regular series. Meanwhile, CBS piled a patient strategy of changing as few shows as possible and, where necessary, changing a time period rather than deleting faltering shows altogether. *WKRP in Cincinnati*, a half-hour comedy series about life behind a microphone in a provincial rock-music radio station, finally won a following when shown on

Mondays after a year of lacklustre success elsewhere. *60 Minutes*, which has been on television for ten years, became the top-rated series only recently, and *Dallas*, going into its third season, suddenly exploded in popularity.

Mr. Daly noted that the teen-age sitcoms on which ABC has relied are traditionally not known for their longevity. CBS's longest-running series, like *Guns, Smoke, The Waltons*, *M.A.S.H.* and *The Jeffersons* have not catered particularly to teenagers, though they are, of course, critical to a show's success. Teenagers are considered more fickle and less loyal than adults. ABC moved one of its most popular shows, *Mork and Mindy*, to Sunday evening in the hopes of knocking CBS's strength with *60 Minutes*, but instead *Mork and Mindy* suffered against a revamped *Archie Bunker*, the American sitcom modelled on *Till Death Us Do Part*. *Happy Days*, by now an ABC perennial, was hurt this year by having its old shows in syndication, where local stations bought it to play five times a week in the early evening before the new regular weekly show was aired on national television.

While Mr. Daly would not say that teenage sitcoms were weakening as a genre, CBS did build its success on different kinds of programme. *60 Minutes* is an adult news show with four correspondents who tackle different subjects ranging from the fate of undergraduate athletes who learn nothing at the university to the fate of the world as seen through the eyes

of George F. Kennan, the architect of America's post-war containment policy. Mr. Daly attributes the show's success to the public's feeling that the correspondents promote the interests of the little guy. Viewers watch unfearfully rectified and undigested complex issues chopped into edible pieces. In quite a different way, the modern west of *The Dukes of Hazzard* appeals, according to Mr. Daly, to the same taste for irreconcilable but clear conflicts between good and evil.

And, indeed, one might assume, so must the phenomenon of *Dallas*, which generated a successful spin-off this season called *Knots Landing*. *Dallas* finished off the season with the episode of J.R.'s shooting, which had the highest rating ever attained by a regular series segment. Next season's episodes have begun filming on location in Dallas, where a crowd of over 300 bystanders gathered for the first day's shoot.

The question of who shot J.R. remains a closely guarded secret held by the top executives of the show's production company. All six prime suspects in the show are being filmed in scenes admitting to the crime and the chosen confession will be aired in the third or fourth programme of the new season, following the special two-hour premiere in the autumn.

As for the rest of the new season, CBS is promoting what it calls a strategy of "strength and stability." Though the network only squeaked into its final pre-eminence this season, the stability reflects a belief that shows take time to catch on as much as an expectation that the network can rest on its laurels. Three years ago, CBS premiered eight hours of new shows, a figure that has gradually been reduced to four and a-half hours for this autumn. Twenty shows will be returning and only two of them are in new time slots.

The subtlety of a network's strategy is not confined to putting the right shows in the right times. Each show is analysed in the light of its most successful stable mates. Even though *Knots Landing* is already a spin off of *Dallas*, it is being made to look even more like its progenitor. A 32-year-old widow named Abby Culver is being introduced in the series as an "antagonist (who will) drive the story forward and make things happen" the way J.R. does in *Dallas*. *Magnum, P.I.* comes into the schedule as a series about a private investigator on the luxurious Hawaiian estate of an absent landlord. Put into the same time slot on Mondays as the long-time favourite, *Hawaii Five-O*, the show is expected to capitalise on the formula of

adventure in an exotic setting.

Two other new shows include yet another serial in the *Dallas* mould. Called *Secrets of Midland Heights*, it will have the same "broad canvas and interlocking" characters and relationships as the other two, says the CBS promotional release, but this time the characters will knock up against the traditions of a small college town dominated by its founders, the Millingtons. There will also be *Ladies Man*, a sitcom about a man surrounded by women in the editorial offices of a *Cosmopolitan*-type magazine, and to round out the new season, a feature-film derivative called *Freebie and the Bean* about two San Francisco cops whose contrasting life styles add spice to the routine of police work.

CBS can look forward next season to capitalising on the rebuilding it has done since first losing the ratings sweepstakes to ABC in 1977. America looks like it is getting addicted to these evening soap operas, and the network will have three of a week's 21 prime-time hours devoted to them in the autumn. ABC gets the season off to a strong start with its Monday evening football games. So CBS will find out just how strong it is competing with the football game, knowing that even a late start in winning weeks need not mean handing rating supremacy back to ABC.

The real danger ahead for the three networks is not the sequestering of their thinnest margins of victory. The whole of the commercial network system faces mounting competition from cable and pay-TV, which are quickly blanketing the country with a diversity of programming never before available. Already Robert Daly wonders what will happen to network screenings of theatrical films, which usually reach network television two or three years after their first release.

That intervening time is now bound to be crowded with cable screenings, especially since the major film studios recently joined a pay-TV venture with the Getty Corporation, which already operates a cable sports network. This year the ratings war was big news. Like the programmers themselves, America seemed more intrigued by the ratings than the shows. In carrying the week's Nielsen ratings as news items, newspapers created their own CBS-style serial which remained unresolved till the very last week of the season. But ultimately this may just be the last hurrah of the major networks, which have begun film and other diversifying activities in the light of competition that may ultimately destroy the image of the slightly dim, monolithic, American television viewer.



Anthony Howes (left) and Tim Taylor

Leonard Burt

Shaw

The Ticket

by MICHAEL COVENEY

Peter Terson's 12th play for the National Youth Theatre is the best from this author for a long time—certainly better than the last two given by the NYT in 1978. It opens up a vintage Terson style, with a squadron of young army recruits forming a seductively drilled background from which a chipper little skinhead, Private Strevitt, is humorously isolated. Life with the professionals is better than being on the dole, somebody murmurs, but the chief flaw of the play, which develops as a series of exploits aimed by Strevitt at getting out of the Army (or working his ticket), is that we never really know why he bothered to join in the first place.

Perhaps, after all, that is unimportant. But it does result in a theatrical arbitrariness, as one scene follows another rather than springing naturally from its predecessor in any sort of dramatic progression. Advised by a cynical veteran, Strevitt rejects the idea of pretending to be homosexual ("I like the lads too much") and launches himself on a series of comic attitudes: he is suddenly uncoordinated on the drill square; his back goes; he takes up boxing in order to shine as

a coward. All of the wheezes backfire, most powerfully when the sight of his Dad at the ring-side inspires him to bloody heroism. He tries conscientious objection and, finally, religious eccentricity, coming on in an orange kimono and spouting rubbish about the Creed of the Cosmos.

He eventually works his ticket by setting about a tough locker-room adversary who has supplied bullets with which a sensitive loner has killed himself. At the end, you feel that this con-

frontation, and the plotting that sets it off, has been conveniently held back to finish the play. Nonetheless, Graham Chinn's production is brisk, smart and very well acted by an all-male ensemble. Anthony Howes as Strevitt is inventive, convincing and powerful, and I also admired Tim Taylor's forceful Sergeant. Fidel Nanton's athletically ambitious squaddie doing his one-arm press-ups, and Angus Barnett's loony cameo as the potentially slowest gun in the West.

Gower Champion dies

Perhaps, after all, that is unimportant. But it does result in a theatrical arbitrariness, as one scene follows another rather than springing naturally from its predecessor in any sort of dramatic progression. Advised by a cynical veteran, Strevitt rejects the idea of pretending to be homosexual ("I like the lads too much") and launches himself on a series of comic attitudes: he is suddenly uncoordinated on the drill square; his back goes; he takes up boxing in order to shine as

Gower Champion, the choreographer whose hit shows included *Hello Dolly* and *Bye, Bye Birdie*, died on Monday as his new show, *42nd Street*, opened to acclaim on Broadway. Mr. Champion, aged 61, died in a U.S. cancer hospital.

A veteran of more than 30 years on Broadway and in films, he first achieved fame with a dance act with his ex-wife Marge, daughter of his ballet teacher. Their 25-year marriage was dissolved in 1973 after

they had danced in stage shows in many parts of the world. Mr. Champion became known as a top stage choreographer in 1960 when he took a handful of unknown dancers and made a rock 'n' roll musical, *Bye, Bye Birdie*. This was followed, a year later, by *Carnival* and then came *Hello Dolly*, for which he won two Broadway Tony awards.

In Hollywood, he made *I do, I do*, *Thoroughly Modern Millie*, *Till the Clouds Roll By*, *Show Boat*, and many other musicals.



Bette Davis talks to Mike Wallace on '60 Minutes'

Albert Hall/Radio 3

English Music

When George Benjamin's *Ringed by the Flat Horizon* was first performed in March by the Cambridge Musical Society, I wrote about it here in glowing terms. The conductor on that occasion was Mark Elder, and he conducted it again at Monday evening's Promenade Concert: the orchestra this time was the BBC Symphony. The formidable impression made by the work on first hearing was if anything enhanced by this more confident and precise performance. The evocation of a thunderstorm (the title taken from Eliot's *The Waste Land*) is a minor miracle of pacing and timing: it was a stroke of genius of the 20-year-old composer to allow himself two climaxes—one for the flash of lightning and one for the thunder to follow. How much easier to have written a simple arch-form piece with a single, massive climax for the onset of the storm; the structure Benjamin chose is that much more interesting and more successful as a result.

The extra clarity of the BBC Symphony's playing gave added prominence to the woodwind lines that grow and bud as the storm gathers, and to the important cello solos that were rather masked in the Cambridge premiere. The second half of the piece, the perspec-

tives foreshortened, now seems the most remarkable and individual section of the work; the sense of the harmony here is remarkably assured.

Benjamin's lessons with Messiaen notwithstanding, his piece fitted quite comfortably into a concert otherwise made up of English favourites. That is perhaps not quite the status of Tippett's *Praeludium* for brass, bells and percussion, though it seems to be a favourite with the Proms planners; even so, here it sounded wan and over-rated. Delius's stream-of-consciousness lyricism and Walton's brassy *machismo* made a neat contrast in the remainder of the programme. Julian Lloyd Webber was the soloist in Delius's Cello Concerto, commendably resisting all temptation to dalliance, and keeping the music moving with a clear, bright tone; the orchestral contribution was notable for carefully detailed woodwind. *Belshazzar's Feast* was loud, and rapturously received; the chorus was the Toronto Mendelssohn Choir, generally agile and accurate with only occasional moments of uneasy chording, and the baritone soloist Willard White sounding appropriately heroic though his delivery could have been more dramatically pointed.

ANDREW CLEMENTS

Edinburgh Festival

Henry IV Part I by B. A. YOUNG

The Royal Shakespeare has chosen the two parts of *Henry IV* this year for its small-scale tour. The scale is indeed small, even though 23 actors are employed: the fighting is confined to soloists, and when Worcester and Vernon are sent off to execution after the battle of Shrewsbury, they make their exit unescorted. At Daniel Stewart's and Melville College, we have an empty square stage with the audience on three sides. A line of barrels at the back for Eastcheap, a line of banners above for the nobility, and a rough bench or stool here and there for furniture. There is no live music, only an off-stage harp to accompany Patti Love's Welsh song, and some electronic swoops like air-raid sirens to put much-needed extra excitement into the fighting. The costumes include some dubious heraldry.

Two performances are

specially notable, Alfred Marks as Falstaff and Stuart Wilson as Hotspur. This Falstaff is not a traditional fat-mountain, Hal's phrases like "huge hill of flesh" are no more than officers' mess jokes. All the same, the fat knight is mighty slow when threatened by the blades of Hal and Poins at Rochester. He slowly turns his back and walks off. Yet however cumbersome he may be in movement, he is swift, even graceful, in conversation. Alfred Marks is a most skilful comic, and he makes Falstaff's badinage sound delightfully fresh and original.

Hotspur is notable for a quite different reason. Mr. Wilson speaks the lines ably, but he seems to be playing not Hotspur but Richard III. His head, with a black bow in his long hair, jolls out from his best shoulders as if he had not the strength to hold it upright. When he is not angrily biting his nails, he is chewing a raw

carrot, which he slices with his dagger. There isn't a hint of nobility in him, whatever his words may suggest.

For the rest, the production, directed by Bill Alexander and designed by Douglas Heap, is a decent second eleven job. Bernard Lloyd gives the King all the dignity and authority he requires, and is particularly good where he is telling his wayward son (who has come to court in his shirt-sleeves) the facts of 15th century political life. His son, alas, is rather short of personality as David Rintoul plays him—handsome enough, but a tennis-club hero rather than a battlefield hero. Not even a public-bar hero. He sometimes spoke so fast that I couldn't hear what he said. Poins (Simon Hayward) has for some reason become a cockney, and Bardolph (Jim Stern) is weak and apologetic.

I will tell you more about them all tomorrow when I write about Part II.

Turku Festival

Telemann's Pimpinone

The scope and ambition of the yearly Turku Music Festivals are expanding. A record number of visitors this year has encouraged the City Music Board to extend its length from six to ten days in 1981: not bad for a city of 164,000 souls and numbers of visitors both from across the Gulf of Bothnia and further afield come to listen to high-grade music-making by performers from Stockholm, Prague, Leningrad, Germany, Mexico, Spain, Britain and Finland itself. Osmar Ellis, Peter Katin and the New London Consort represented Britain this year, but the Estonian Chamber Opera, from Tallinn, had to delay their visit to 1981. In their place a Finnish Festival ensemble gave four performances of Telemann's *Pimpinone*. This was by no means a scratch production.

Telemann wrote his short comic opera four years after abandoning Leipzig in 1721 for Hamburg, leaving the Saxons to make do with Bach. One of some 45 operatic works, of which a mere six have survived, *Pimpinone* was originally entitled *The Fattering Marriage*, or *The Ambitious Chamber Maid*. Based on Paroli's libretto

that Albinoni had set to music in 1708, the Hamburg version, part-German and part-Italian, was by Johann Philipp Praetorius, himself the composer of a mini-opera called *The Bass Viol*, that paradoxically had lampooned Telemann and outraged the city fathers, who banned it.

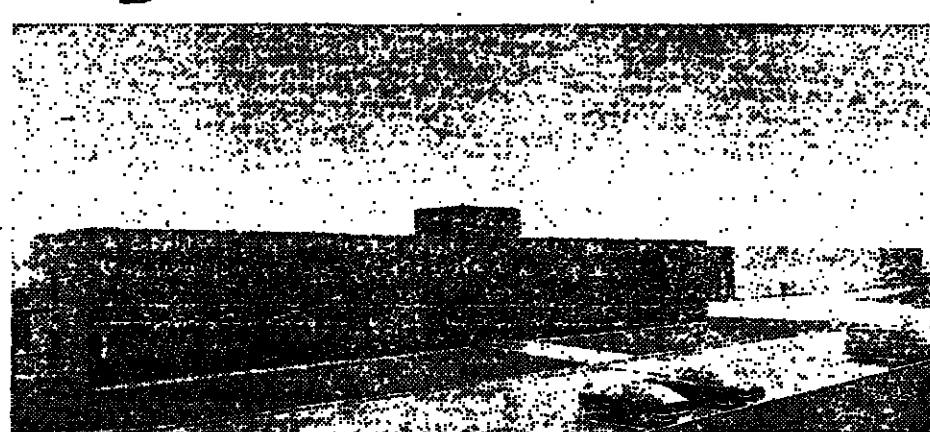
But Telemann, too, had displeased his employers, who referred to the city Cantor in 1722 as the composer of unauthorised "operas, comedies and other lascivious pieces" and threatened him with the wrath of themselves if not of God. Could Telemann have had one of these worthies in mind in making the foolish old protagonist of his piece when deciding to wed his serving wench ensure that she has no interest in the forbidden arts? *Pimpinone* saw the light of day as an intermezzo in three parts done between the acts of Handel's *Tamerlano*, a cross between the Italian Comedy and the German Singspiel. Unlike Pergolesi's far better-known *La Serva Padrona*, of 1733 and Donizetti's *Don Pasquale*, the identical story had a bitter-sweet ending. Though marriage is the price both *Pimpinone* and

his *Vesperta* pay to achieve their ends, the final union is consummated with mutual recrimination and the ingenious duet that brings the curtain down combines the major key for the girl with the minor for the willing gull whom she has ensnared.

The war of the sexes is expounded with wit and tempo in the music, played here with much spirit by 11 members of the City Orchestra under their regular musical director Pertti Pekkanen, who, like Louis Frémaux, a one time military bandleader and a disciplinarian, knows exactly how to bring out the mixture of baroque and romanticism in the delightful score. The Finnish National Opera's Seppo Nurmimäsa designed an enchanting setting: a downstage wooden platform, such as a troupe of travelling players might use, against a monochrome cityscape backdrop.

Margareta Haverinen as the aggressive Vesperta is a real discovery. Equally effective in the turbulent and the sentimental sections, she sings with assured eloquence and impeccable technique. OSSIA TRILLING

IDC cut near impossible programme by four months



In February 1979 a fire destroyed the Automotive Products Filter Division factory at Bolton. The following month they asked IDC to start developing a new £15 million production plant which had to be "the best filter production facility in Europe".

Naturally AP needed it fast and IDC agreed to complete design and construction in a near impossible period of 20 months. In fact, from brief-taking to handover only 16 months had elapsed—a saving of 4 months.

By taking total responsibility for the project and using its 'in-house' resources to design and construct the plant, IDC enabled production to start in the factory ahead of schedule. A remarkable achievement but this is not the first time an IDC client has benefited in this way.

IDC's integrated design, construction and engineering service paid dividends for Automotive Products—it could do so for you.

Send for the IDC brochure.

Head Office: IDC Limited, Stratford-upon-Avon, CV37 9NJ.

Tel: 0789 4288. Telex: 311201.

London Office: IDC Limited, 23 St. James's Square, London SW1 4JH.

Tel: 01-839-6241. Telex: 919308.

Offices in Europe, the Middle East and North and South America.



design, construct and engineer

EIU Special Report No. 84

Sri Lanka: AN EMERGING BUSINESS CENTRE

The liberalisation of the economy brought a rapid economic recovery with a strong growth potential: in conjunction with an abundance of well educated, low cost labour and government incentives, Sri Lanka has much to offer investors. This report analyses the economy and sets out a view of developments over the next five years.

The EIU Ltd., 27 St. James's Place, London SW1A 1NT
Reg. No. 563972

- ☐ SRI LANKA: An Emerging Business Centre. Price £40 or US\$88. Airmail postage £2 (US\$4) extra. Payment with order, please.
- ☐ Full details of the current range of EIU publications.
- ☐ I enclose payment of

Name

Address

Send to: THE ECONOMIST INTELLIGENCE UNIT LTD.

Subscription Dept. (FT)

Spencer House, 27 St. James's Place, London SW1A 1NT

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Finatime, London FSA. Telex: 8954571

Telephone: 01-246 8800

Wednesday August 27 1980

De-mystifying the Budget

IT IS excellent news that the House of Commons Treasury Committee will put Budget reform high on its agenda as soon as Parliament resumes. For a text it now has the brief and pithy report prepared by a small committee under the chairmanship of the late Lord Armstrong—another invaluable piece of spadework by the Institute for Fiscal Studies. With an appropriate committee to take up the running in Parliament, it may not be too dew-eyed to hope for some action this time.

Obsession

It now seems to be a hallowed Treasury practice that every incoming Chancellor shall decry the whole ritual of the British Budget, and then carry on performing it as if nothing had happened. But as the Armstrong Report points out, the whole procedure is highly unsatisfactory.

Born of the British bureaucratic obsession with secrecy, it presents Parliament annually with what amounts to a fiscal fait accompli, whose true meaning is concealed by the fact that only one side of the balance sheet, and one largely misleading figure from the bottom line, is presented in any detail.

The expenditure counterpart to the Government's revenue proposals is conceived in various kinds of funny money, so contrived that it is difficult to compare Budget forecasts with White Paper plans, or actual outturns with estimates.

Privilege

It is a treasured privilege of the executive arm of government to change its mind as far as possible in secret; and it would be understandable, if not justifiable, if the present or any future Chancellor should resist a demand to publish his provisional thinking. It might also be argued that the British taxpayer is already eager enough to anticipate any expected tax change by buying goods or

transferring capital in advance of any tax changes, and that providing an annual instruction book would lead to an unwarrantable distortion of activity.

Fortunately there is no need to adopt a whole-hog approach to this report. Much that is most valuable in it could be achieved by a thoroughgoing reform of the White Paper on public spending, so that it included economic and revenue projections on existing policies for taxation. This would achieve many of the Armstrong Report's aims, and an informed debate of the Government's fiscal stance as a whole, a clear statement which would rub in the connection between spending and taxing, and between the resultant balance and the Government's monetary policy.

None of this need infringe the Cabinet's right to dither (otherwise known as keeping one's options open). The Government could avoid committing itself even to a forecast if it could overcome the Treasury's long resistance to constant employment budgeting, which would offer a valuable guide to underlying changes in fiscal stance rather than cyclical accidents affecting the fiscal balance.

Indexation

Even this limited exercise would involve some other important changes. The Armstrong Committee suggests that the Government should adopt as a working assumption that all tax bands and duties stated in money terms should be indexed to some general measure of inflation. Some such measure is necessary both to make forward projections which will not go hopelessly astray if inflation takes an unexpected course, and incidentally to enable the Government to plan forward without making long-term inflation forecasts.

A general practice of indexation would also prevent large unintended shifts in the relative tax burden such as have occurred in recent years, and ensure that cuts and increases in the tax burden were called by their proper name. However, the choice of index and the degree of commitment may well prove contentious questions, as may some of the other valuable technical proposals offered. The important thing is reform is now on the political agenda.

Heavy going in Sweden

THE SWEDISH Government, a coalition of the three anti-Socialist parties in Parliament, is making heavy weather of its economic policy. Rising oil prices and sagging export demand are threatening the country with a current account deficit this year of about SKr 20bn (about £2bn), and the inflation rate has climbed to 13 per cent.

Moreover, the coalition of Mr. Thorbjörn Fälldin is finding that after 44 years of Social Democratic rule certain options are closed, or almost closed. In a nutshell, Mr. Fälldin, is reluctant to emulate those governments that have accepted unemployment as the price of the oil crisis and the needs of economic regeneration.

Model

Given that Sweden for decades was widely held up as the very model of a mixed economy with a standard of living among the highest in the world, the word "regeneration" may sound stark. But Sweden does have its share of lame duck industries. Steel and the shipyards, once bywords for Swedish industrial prowess, are engaged in a slimming down process, often at the cost of financial support from the central Government. The pulp industry faces the need to achieve a greater depth of manufacture in the face of North American competition.

Inevitably, workers have lost their jobs. Many have been absorbed into an already inflated public sector, encouraging the OECD, in its latest report on Sweden, to hint openly at the existence of disguised unemployment. The official unemployment rate is about 2 per cent. The report cautiously criticises the transfer of resources from the private to the public sector reflected in a tax quota of 53.4 per cent of GNP, the highest in the OECD.

The conundrum for Mr. Fälldin's coalition of the Centre, Liberal and Conservative parties is how to channel back resources into the secondary, productive sector, without risking a rise in unemployment, at least for a time. Mr. Olof Palme, the Social Democratic leader and former Prime Minister, is standing by ready to accuse the Government of destroying the Swedish way of doing things.

Mr. Fälldin commands a majority of only one in Parliament over the Social Democrats and Communists combined. It is a situation in which the unexpected can easily happen. The fate of the emergency plan to raise excise duties and VAT, the latter to the European record level, could therefore be in doubt.

But even if defeated on a crucial part of the proposals, Mr. Fälldin may carry on. Under the constitution he need resign only if defeated on an explicit motion of no confidence. Mr. Palme has taken the view that an emergency session of the Riksdag, such as that now called, is not the proper setting for such a motion.

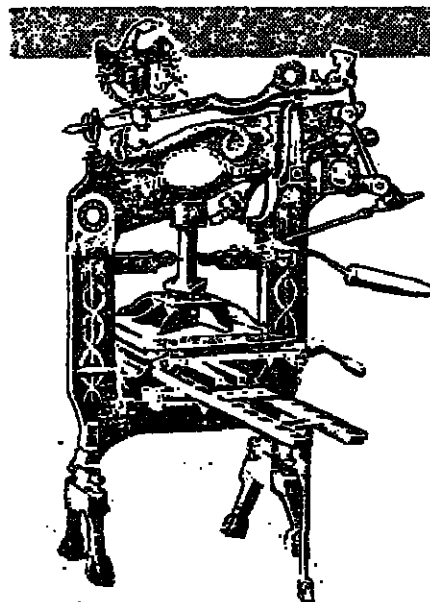
That means that, failing the unexpected, Mr. Fälldin's Government will be able to put its longer term proposals once the Riksdag assemblies for its regular next session in October. The central proposal is expected to be an economy programme to top SKr 7bn of annual Government spending, equivalent to some 5 per cent of the current budget. By 1984, the central Government deficit is to be reduced from 11 to 5 per cent of GNP. Doing so will be a matter of paring here and there—rather than lopping off a few big slices.

Mr. Fälldin's coalition may fairly be accused of poor timing. In the spring it waited until the annual wage round had degenerated into an almost unprecedented wave of strikes and lockouts before proposing a price freeze and wage controls when nobody wanted to listen any longer.

Clash

After that clash, which resulted in wage increases of 11-12 per cent, danger signals began to increase. But no long-term proposals have come from the Government. The increase in the inflation rate and of the external deficit could have been foreseen, yet things were allowed to drag on until emergency repairs became essential to damp down consumption and with it, the Government hopes, the external deficit.

In fairness to Mr. Fälldin, a majority of one is hardly a sufficient basis to change the life of a nation. His task is not to be envied.



QUESTION: What have education cuts, penetration of the motor industry by imports, the price of theatre programmes and cash-machine banking in common?

ANSWER: All are examples of the array of factors affecting—and depressing—British printing markets

An industry under siege

BY ALAN PIKE

BRITAIN'S printing industry is still the largest in Europe. But it is facing a range of problems and is being severely challenged by foreign competition not only in its traditional overseas markets but also at home.

Next month the industry will stage IPEX-80, one of the biggest trade shows ever mounted at the National Exhibition Centre in Birmingham; it is second in size, it has been suggested, only to the Motor Show. But, the confident scale of IPEX will camouflage growing concern among employers and union officials about the industry's ability to face the challenge from overseas.

The strength of the pound is repeatedly cited as the most direct and debilitating cause of the drift of printing from Britain. And the recent strength rise in sterling has hit British printers at a moment when the American industry, in particular, has the technology and capacity to greatly increase its interest in overseas markets.

Printing and publishing in Britain last year produced £2.6bn worth of reading matter, and the total industry, including newspapers, cartons and manufactured stationery, had an output of £8.2bn.

These four sectors employ 250,000 people—some 160,000 of them in general print—and on one level their industrial relations record is impressive, with only 24 minutes per employee lost through disputes last year compared with more than 3 hours in industry as a whole.

But on another level many employers are convinced that demarcation problems and manning levels in an industry with a tradition of inter-union rivalries are inhibiting British printing's ability to face foreign competition. These problems are intensified now that the British industry is competing not only against European and U.S. printers but new industrial countries where wage rates are low.

Items like books are easily cut out of family budgets at times of economic hardship. Also, printing contracts are one of the items which tend to come under particular scrutiny when companies and public authorities are looking for areas to trim.

There are many other factors which have depressed demand for printing industry products in Britain, but the impact of the examples set out at the top of the page will be apparent. Cuts in education spending, for instance, are tak-

ing their toll on an important section of the book market. The other two are less obvious but just as real: imported cars and other consumer goods are more likely to have their handbooks and instruction material printed abroad and cash withdrawal banking machines reduce the number of cheques written while the cash cards—unlike credit cards—do not have to be renewed annually.

Nowhere are the problems better illustrated than in book publishing. Some comparisons of actual recent quotations for particular books obtained from British and overseas competitors make as dramatic reading as any of the books themselves:

Dictionaries to text books

□ A 25,000 print run dictionary which would cost £8.30 per copy to produce in Britain could be obtained from the United States for £4.69, even allowing for much higher freight costs.

□ A 50,000 print run book for sale in Italy which could be produced for £2.34 per copy in Britain was offered from the U.S. for £1.61—the American price was below those quoted by Italian and Belgian printers, which were themselves well under the British price.

□ A 40,000 print order book for which a British printer tendered at £5.87 per copy could be obtained for £4.85 from Italy, £4.57 from Belgium and £4.49 from West Germany.

□ A 30,000 print run English text book obtainable at 39p per copy in Britain was available at 25p from Hong Kong.

These figures are leading both to British printers being increasing out-bid in international markets and to a rise in book imports to Britain. Statistics on book imports are imprecise because they include not only work put abroad by British publishers but also foreign language books entering the country and there is no breakdown between the two.

A report by the British Printing Industries Federation (BPIF) says with delicate sarcasm: "It is difficult to believe that interest in the literature of some of the countries from which books are consigned is as great as imports suggest. It is probable that a part, and in some cases most, of them are ordered by British publishers and represent a loss of business for the British printing industry."

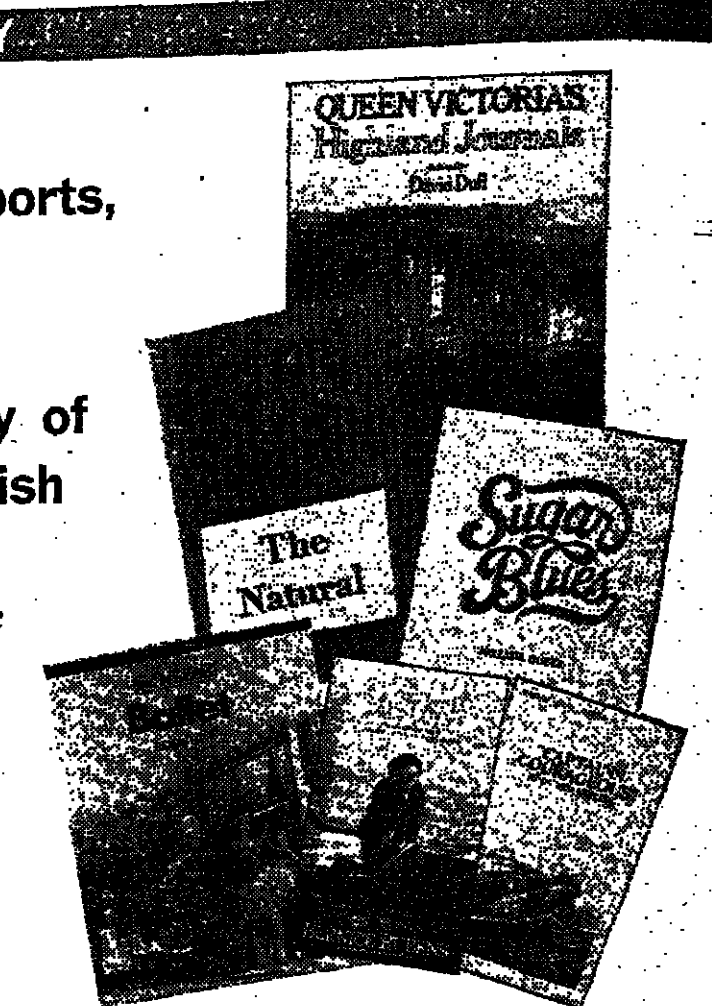
It is calculated by leading figures in the industry that the amount of book production being put abroad has increased by around 50 per cent over the past two years and is still growing—imports of books amounted to 25,437 tonnes in the first five months of this year compared with 20,747 tonnes in the same period of 1979. In an area where there are no certain figures it has been estimated that anything between 12 and 18 per cent of the work of British publishers is now going abroad.

The U.S. Western Europe and the Far East have all taken substantial amounts of work previously done in Britain. While paper prices are a factor in some instances the main price differences which are encouraging publishers to go abroad are those relating directly to the printing industry—type setting, printing and binding prices are all at least 20-30 per cent higher in Britain than in any of the three main competitor markets.

But it is not price alone which is affecting the British industry, as another of its trouble spots—mail-order catalogues—demonstrates. About 60 per cent of this work now goes abroad, compared with 30 per cent five years ago. In a tight, highly competitive industry based upon changes in fashion like mail order, fast printing services, guaranteed "on-the-minute" delivery dates and high-quality colour reproduction are essential.

These particular problem areas for the printing industry—holiday brochures are a further example of valuable contracts which are falling to mounting foreign competition—come at a time when the general prospects for growth in the industry are modest. Printing inevitably reflects the state of the wider economy and a recent report to the BPIF from Mr. William Johnson, deputy managing director of BIS Marketing Research, suggested that total expenditure on commercial print in the UK would increase by only just over £100m between 1979 and 1984.

Slower economic growth, no further room for growth in some sectors of the market and substitution by cheaper media—such as businesses doing more of their own printing—were all identified as factors inhibiting hopes for any rapid expansion in the industry. And, Mr. Johnson said, while some companies would be able to expand rates well above the average through creative marketing and



PRINTED IN HONG KONG, CANADA, SINGAPORE, U.S.
● A selection of titles now or shortly to be on sale from major British publishing houses.

solution being considered is that small printers should be grouped into export marketing consortia, consisting of half a dozen companies which were not direct competitors, sharing a representative who would seek overseas business for them.

The other product of the sector working party so far has been a war on waste campaign. This may not, on the surface, appear very dramatic but it could prove to be so in both direct and indirect ways.

Materials represent up to 60 per cent of the value of a printing company's output—compared with 25 per cent for wages—and it is estimated that there is wastage of 20 per cent. The organisers of the campaign believe that this can be reduced by a fifth and in an industry which imports half its material this would, apart from anything else, cut £20m from Britain's import bill.

The productivity v. investment argument in the printing industry rapidly become circular. Many general printing and provincial newspaper companies have introduced new technology, with nothing to compare to the confrontation about the subject in Fleet Street which led to Times Newspapers closing down for a year.

Union leaders, however, accuse British companies of serious under-investment compared with their foreign competitors. Employers respond that they cannot invest more until they can get manning levels right. If the working party could break into this circle it would win a place in history.

Industrial relations in the printing industry are, in any case, in a very frail state at the moment. Last winter's National Graphical Association dispute—the most serious to hit printing companies for many years—has exposed severe divisions on both sides. The BPIF took on the NGA with a bout of employers' solidarity which proved to have a soft centre. Many companies ignored a national decision to suspend NGA members, while

some took business from competitors which did follow the suspension policy. This has provoked an inquiry, which will report by October, into the whole future of the BPIF.

The employers have suggested that between 2,000 and 3,000 jobs have been lost as a result of the NGA action. Another estimate suggests that the figure will reach 5,000—any loss comes from the leader of one of the industry's other unions. This is a demonstration of the level of bitterness which the dispute has left behind.

Redundancy agreements

"Of course the unions have a part to play in solving the problems of the industry, and we are trying to solve them," says Mr. Bill Keys of SOGAT. "There are companies where we have reluctantly agreed to large numbers of redundancies in order to improve productivity—we don't want the whole thing to collapse. But it isn't a question of working practices and wages alone—the industry is facing catastrophic problems arising from factors outside its control." Mr. Keys points out, for example, that the unions accepted 600 redundancies at William Collins, Glasgow, at the beginning of the year after the company had been through two difficult years.

One compensation for the printing industry's market being so prone to fluctuations elsewhere is that there is always hope of new growth areas opening up. The industry continues to look with some optimism towards further developments in areas like air travel and leisure in the widest sense. But there can be few markets for print which can grow against national economic trends. It is important, that the British industry loses no more of its traditional work while the search for new outlets goes on.

MEN AND MATTERS

Explosive charges

Our former man in Tehran, Sir John Graham, who said farewell to the revolution after this summer, appears to have left in the nick of time. An Iranian official—a breed which seems to outnumber the man in the street these days—yesterday accused him of slipping dynamite and fuses to plotters against the Khomeini regime.

The credibility of the charge, routinely dismissed by the Foreign Office as "groundless," is not enhanced by the quality of the evidence. The man denouncing Sir John claims to have a thank-you letter from a Tehran vicar to a Pentagon heavy acknowledging receipt of \$500m from the Central Intelligence Agency's petty cash tin. This chatty little note also observes, it is said, that Sir John took it upon himself personally to deliver the explosives to six coup conspirators.

All the allegations, although no doubt irksome to gentle Sir John (and probably worrying for our chaps remaining in the Tehran embassy) seem to be no more than an everyday hotch-pot of standard Iranian conspiracy theories, involving perfidious Albion with devious America and seasoned with "plotters" from the unloved Bahai sect.

By some oversight, however, the accusers have forgotten to include another favoured element—links with world Zionism—which might conceivably have caused some embarrassment to Sir John, who is at present in Saudi Arabia at the side of Lord Carrington.

Sleep-talking

The truth of the matter, my Lords, Ladies and gentlemen, is that it is becoming extremely difficult to stay awake after dinner. So exceedingly tedious is the modern breed of after-dinner speaker that the Guild of Professional Toastmasters



"Do you remember the good old days when we were just a gleam in Saatchi and Saatchi's eye?"

has not found anyone for two years worthy of receiving its Speaker of the Year award.

Guild President Ivor Spencer is keeping his collection of "most boring" nominations under lock and key ("until 2000" he assures me) but in the meantime he is striking out to live things up a little. Having banged his little hammer and stood expressionless through countless dissertations ranging over ball bearings to political cannibals, he has recently penned a slim volume offering tips on toasts and speechifying—and keeping the guests' heads off the linen.

The trouble is, he tells me, that while the professionals like Sir Harold Wilson, Clement Freud and Robin Day can be relied on to override the effects of a hard day's work, sole bonne femme and a dousing in liquor, top class amateur pontificators—his favourite is footballing George Lord Westwood—are all too scarce.

"A lot of people make the mistake of accepting a flattering invitation to speak," he says,

"and then they don't work on it. A man like Lord Westwood will find out all the facts, make it topical, familiar, and it all seems so spontaneous."

But for all the somniferous influences which threaten to overwhelm him and his colleagues, he admits only once to having a quiet nod. "It was in the Savoy and I leaned on the wall—bad thing for a toastmaster to do. I was so tired and bored that I slipped down the wall and ended up asleep on the floor. But no one realised, because everyone else was asleep as well."

Failure success

"For a bright manhood," observed Bulwer-Lytton, "there is no such word as fail." In California's Palo Alto, they would be happy to argue about that. Failure Analysis Associates, spawned out of a Stanford University professional brains trust, has seen its annual turnover rise sixteen-fold to \$4m over the last four years, as companies seek its advice on how to turn their turkeys round.

Whether it be exploding cars, collapsing furniture or crashing planes, FAA will try to help. And lest that all sound like the basis for a comedy film starring the late Peter Sellers, FAA has in fact found itself involved in such grave and controversial cases as the alleged dangers of the Ford Pinto car.

"Where there's a failure, there's always human error," is the dictum of FAA general manager Charles Rau. But, says Rau, more companies are calling him in to foresee and forestall potential hazards rather than for post-mortems.

Rau professes strong ethical standards. "We have gone so far as to terminate our involvement with a client if we feel he is not proceeding in good conscience to address any serious problems," he says. But ultimately, his business has ingrained in him the virtues of pragmatism.

It's a knock-out

It has, so far, been more of a stagger than a run-up to the American elections. But the opera, as they say, ain't over till the fat lady sings, and six weeks still remain before the curtain runs down on the psephological arias.

To celebrate the no doubt felicitous choice which the American people will make on November 4, the English Speaking Union will be offering its traditional election-night hospitality. In a rare gesture of political unity, both Republicans and Democrats will be throwing their parties in the splendour of the ESU's Mayfair headquarters.

Veteran freeloaders of the 1976 campaign will remember the scenes in Charles Street as young Americans milled around an imperturbable commissionaire, craving admittance. Within, custom-built cocktails including a "Carter Bandwagon" and a "Ford Snowball" blurred for many the vision of a Democratic victory.

The ESU is once more soliciting recipes for a tippie appropriate to this year's contest. I can only wish them a success comparable to that of my own recent contest for a Bank of England cocktail, and from my depth of experience offer for their consideration the Carter Sour. Start with a base of Southern Comfort, pour on a liberal measure of cold water, and shake violently before topping up with equal parts gin and tonics and Billy's Beer. Cheers!

Keyed-up

It is always a sad day when the receiver knocks on the door. None the less, I forgive one of my keen-eyed readers his twinge of mirth on learning that Francis (Clocks) Limited has been made the subject of a winding-up order.

Observer



"They gave me back my home, my friends, my whole way of life"

When one has known a certain way of life, and rising costs look like taking it all away, who is there for people like us to turn to?

There is the Distressed Gentlefolk's Aid Association. The DGAA is run by people who understand. They know that we want to stay in our own homes, surrounded by our possessions, and close to the friends of a lifetime. So, they help us with allowances and with clothing parcels. Only when we can no longer cope do the DGAA see if they can offer us a place in one of their 13 Residential and Nursing Homes.

The more you can help the DGAA, the more the DGAA can do to help others. Donations are needed urgently. And please, do remember the DGAA when making out your Will.

DISTRESSED GENTLEFOLK'S AID ASSOCIATION

VICARAGE GATE HOUSE · VICARAGE GATE

LONDON · W1P 6AAQ

Dignity

FINANCIAL TIMES SURVEY

Wednesday August 27, 1980

Sri Lanka

An about-turn in Sri Lanka's economic policy has been accompanied by changes in the style and manner of Government. There is no doubt that President Junius Jayawardene has a clear vision of what he wants to do, and a real but realistic belief in the benefits of economic liberalism.



Tea exports account for 40 per cent of Sri Lanka's foreign sales. Above: tea pickers at Nuwara Eliya

All set for major changes

By Philip Bowring

THREE YEARS AGO Sri Lanka was free-wheeling gently down a road signposted "Burma." The ultimate destination seemed to be a gentle, tolerant, literate egalitarian rural slumdom. Then, with the entry of the United National Party Government of Junius Jayawardene, a 180 degree turn was executed and Sri Lanka now finds itself pedalling furiously uphill towards a neon sign marked "Malaysia."

Driving into Colombo from Katunayake airport, adjacent to the nation's first investment promotion zone, the visitor is reminded of, say, Penang a decade ago. Large clearings are emerging among the coconut

groves to accommodate the free trade zone factories. Shiny new yellow earthmovers, contrasting with the decrepit state of most motor vehicles, gouge out new roads. Hastily assembled signboards proclaim this and that garment factory. And fresh faced billboards advertise the consumer wares that the eventual reward of the factories, jobs and investment incentives. The view from the airport road is not of course typical but it is illustrative of the new attitude.

The comparison with South East Asia is apt too because Sri Lanka is quite deliberately trying to follow the course of its neighbours to the east.

President Jayawardene's admiration for Singapore is well known. More apposite may be the Malaysian comparison. Malaysia has concentrated government spending on winning greater output and productivity from the rural sector, while encouraging private and foreign investment into export manufacture as a way of diversifying the economy and absorbing labour.

The Colombo Government has consciously moved to a S.E. Asian development model, trying to throw off the mix of bureaucratic socialism and non-revolutionary Marxism, characteristic of the Indian sub-continent.

The magnitude of the Government's economic ambitions befits both the resource potential

of the nation and its current rundown condition. Unfortunately there is a missing link: capital. The Government is trying to do three things at once:

● Repair and revitalise the economic infrastructure which has been decaying due to inadequate maintenance and reinvestment. The crumbling facades of buildings and ancient machinery on the roads, which are so noticeable to the visitor, are, in fact, typical and they result from years of putting consumption first.

Mahaweli Scheme

● Carry out a programme even more unusual for Sri Lanka— heavy investment in very long gestation projects whose economic returns will not be felt within the life of the presidential or parliamentary term. The main one is the Mahaweli Scheme aimed at achieving self-sufficiency in grains, settling the landless, and reducing dependence on imported energy.

● Release supposedly pent up entrepreneurial talents and encouraging foreign investment to achieve a broader and more efficient manufacturing sector able to absorb labour, earn foreign exchange and—perhaps most important of all—supply at moderate cost the consumer items which the populace is encouraged to see as the reward of toil.

To achieve these three goals

simultaneously would be a tall order, at the best of times. These are not the best of times.

An open, export-oriented specialised economy is probably still a valid strategy for a small compact nation with an educated labour force and enjoying comparative advantage in several fields. But this is a very difficult moment, even when starting from a tiny base, to attract business when there are so many other free trade zones around the world. Overall development ambitions will inevitably be set back by the double blow in terms of trade deterioration resulting from oil price shock and recession.

An even bigger challenge than external conditions may be to change attitudes away from the welfare orientation of the past, which has stressed equality and the State's responsibility for providing basic needs, towards a society willing to tolerate, even encourage, greater accumulation of wealth, greater income disparity and a preference for goods over State services.

So far, the response seems to have been enthusiastic. There is around the country a clear sense of change and impetus, a feeling that the nation could be going places. Government successes in local and by-elections have been remarkable in a nation which never gives a ruling party a second chance, and even more remarkable given the high rate of inflation.

But the Government cannot run forever on the spring fever induced by economic liberalisation, and paid for largely by foreign aid. Sceptics ask, too, whether the Sri Lankan middle class has the entrepreneurial drive even approximating to that of the overseas Chinese who have been a key element in SE Asian progress.

The Government can claim credit for reducing divisions in the country by alleviating some of the problems of the Tamil minority. The Tamil issue remains a highly visible one, but it is not a major impediment to development. A much more fundamental problem persists—caste. Though not as pervasive as in India, it is a serious block to social mobility and individual enterprise.

Clear vision

The about-turn in economic policy has been accompanied by changes in the style and manner of government. There is no doubt that President Jayawardene has a clear vision of what he wants to do, a real but realistic belief in the benefits of economic liberalism.

He has shown a willingness to be tough, whether in the abolishing of food subsidies or using emergency powers to blunt the recently ended general strike attempt by Government unions affiliated to opposition parties.

The President also wants to

leave a mark on history. Critics accuse him of "monumentalism." There are suggestions of this in projects for a new capital and huge housing and urban development projects which are not very appropriate uses for very scarce resources and have perhaps damaged attempts to raise foreign funds for other enterprises. Even Mahaweli has not escaped this criticism.

From a strict economic viewpoint there could well be better ways of spending Rs 20bn. But a scheme of this sort gives Government and people a sense of purpose and destiny that a lot of little schemes could not do. From a political viewpoint, the Government can stand the economic sacrifices necessary for Mahaweli only if it can show the people the physical reality.

The President will also want to go down in history for his constitutional changes which, if all goes well, should reduce the probability that existing policies will outlive the current Parliament.

The new presidential system is largely modelled on the Gaullist Fifth Republic Constitution in France—itsself a so far little tested model. It gives the President substantial executive power, and partially separates the executive and legislature. They face elections at different times. The President has certainly been an effective execu-

tive but this may owe more to his personality and the size of the UNP majority in parliament than the presidency itself.

Electoral system

More important could be changes in the electoral system. A preferential vote system will apply for the presidential elections and a form of proportional representation to the Parliamentary ones. The effect, in theory, should be to reduce massive swings and give a little more say to minorities. Hitherto, Sri Lanka's winner-take-all Westminster system has meant huge changes in representation, resulting from relatively small voting shifts.

The change will mean an end to the huge majorities which have allowed the ruling party or coalition to change the constitution at will—as the UNP has done.

It remains to be seen what differences the major constitutional changes will make to the strength and stability of Government. One thing, though, is for sure. So long as democracy survives there will be electoral pressure for tangible results.

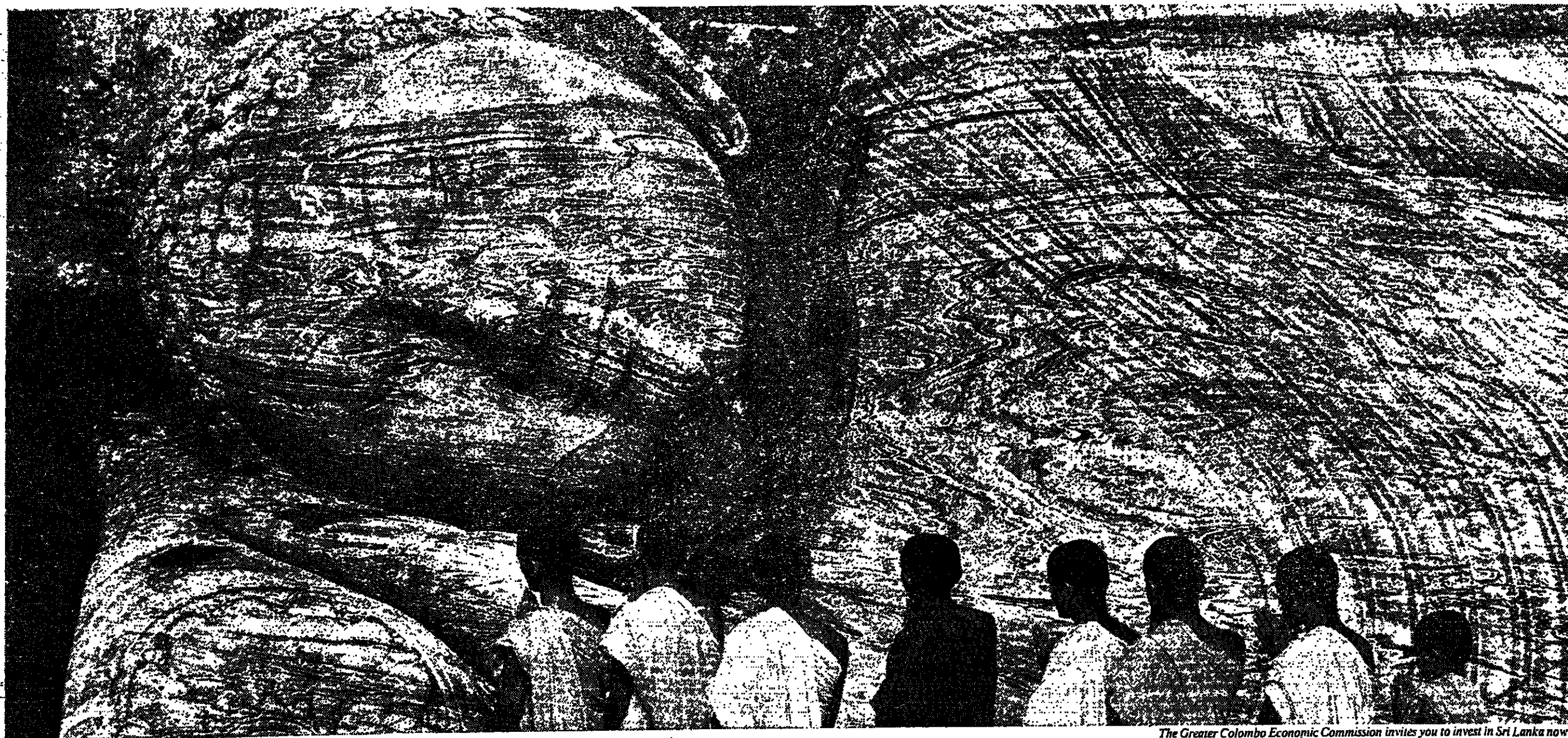
Foreign countries which either like the new policies, or at least see in the new dynamism a chance that at least one country of the subcontinent can reach economic take-off while preserving democratic

CONTENTS	
Economic policy	II
Basic statistics	II
Banking	III
Infrastructure	IV
Industrial projects	V
Mahaweli Scheme	V
Agriculture	VI
Plantations	VI
Tourism potential	VII
Opposition gains	VII
The Tamils	VIII
Foreign policy	VIII

institutions, should now be prepared to give Sri Lanka the fullest possible financial backing.

Given the increased super-power rivalry in the Indian Ocean, the West, Japan, Australia, ASEAN and the conservative Arab states, should all be able to see the benefits of helping Sri Lanka to prosper and thus preserve a liberal economy and democratic political system.

Meanwhile, whatever happens in the longer-term, there is opportunity in the private sector for making money now. "Let the robber barons coexist," proclaimed President Jayawardene, appealing for anything to create jobs and wealth. He meant it.

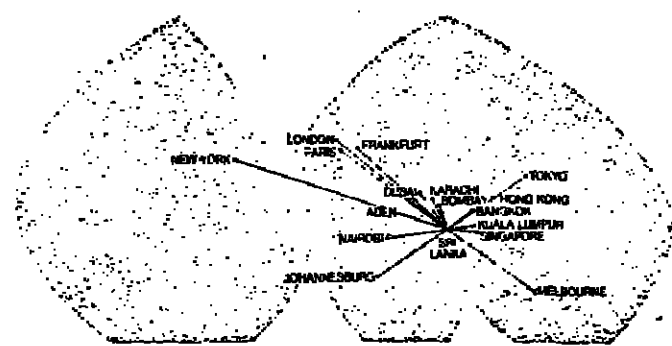


The Greater Colombo Economic Commission invites you to invest in Sri Lanka now.

200 kilometres from Sri Lanka's booming Free Trade Zone, the glory of a 2500 year old civilization awaits.

Two thousand five hundred years ago, Sri Lanka must have surely been one of the world's most technologically advanced countries. The irrigation canals, artificial lakes and awe-inspiring ruins of its ancient cities all tell of engineering skills — the principles of which remain fundamental today. In modern Sri Lanka, this heritage of achievement continues, helping to attain economic prosperity for one of the world's most beautiful countries.

Today, as Sri Lanka's age-old monuments stand sentinel, the country's Free Trade Zone flourishes.



Greater Colombo Economic Commission
For more information on investment in Sri Lanka, contact the Investment Promotion Division,
P.O. Box 1768, Colombo 1, Sri Lanka. Tel: 34403-5. Cable: ECONCOM COLOMBO. Telex: 21332 ECONCOM CE.



DEVELOPMENT FINANCE CORPORATION OF CEYLON

(Established by Act of Parliament under Act No. 35 of 1955)

Grants Financial Assistance for Investment. TO Companies, Partnerships & Individuals

By encouraging and promoting the participation of private capital both local and foreign, making share investments in, and granting medium and long term loans for—

- the establishment of industrial, agricultural, tourist and commercial enterprises whether large or small.
- expansion and modernisation of such enterprises.
- small scale industry on concessionary terms.

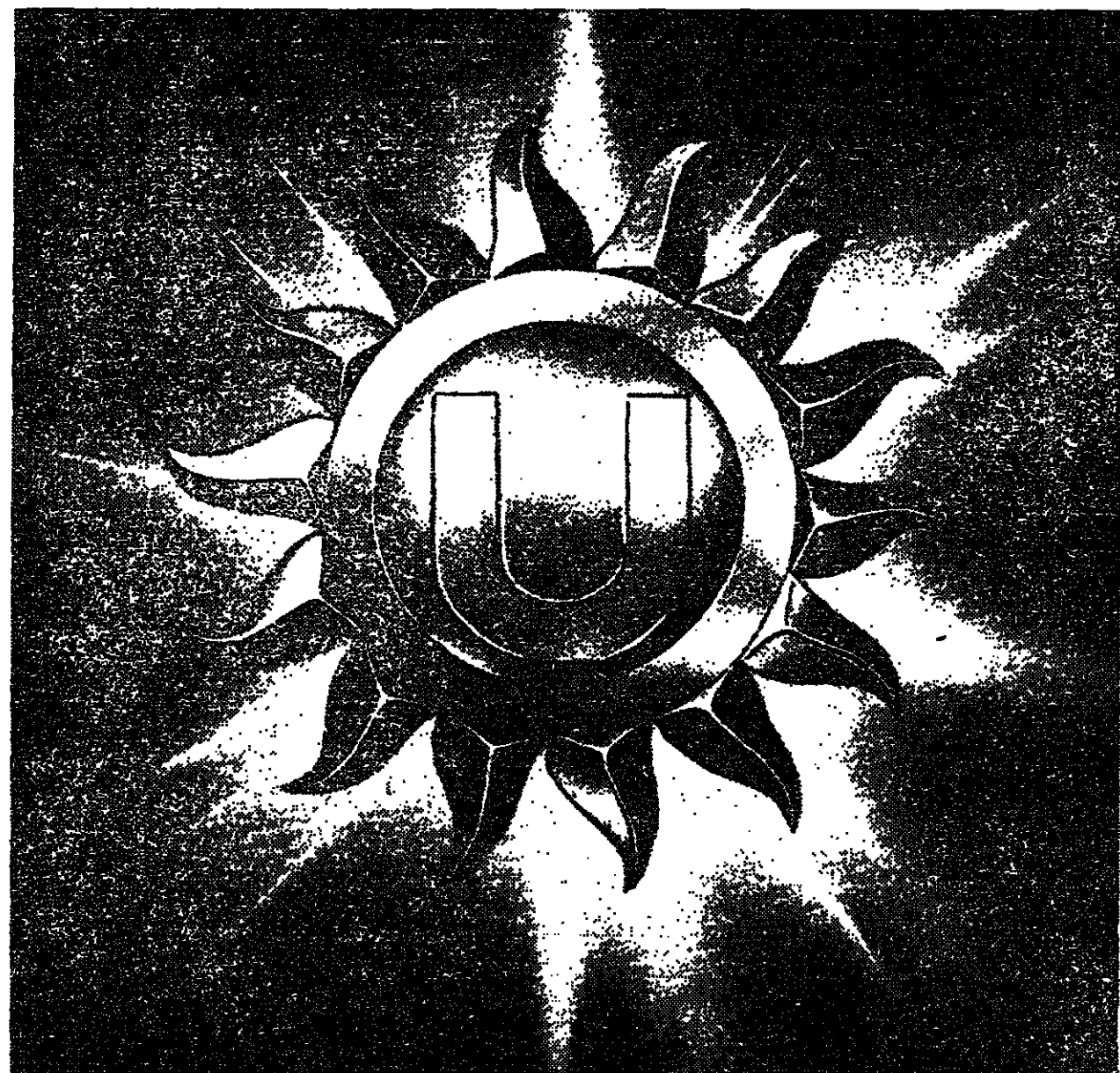
WE ALSO UNDERTAKE

- consultancy services in Engineering, Finance and Management.
- the preparation of feasibility studies.

Address all enquiries to:

GENERAL MANAGER,
DEVELOPMENT FINANCE CORPORATION OF CEYLON
9, HORTON PLACE, COLOMBO 7,
SRI LANKA, (P.O. BOX 1397).

Telephones: 94416, 94417, 93730, 94804 Colombo—Sri Lanka



Upali: A company blessed by the sun

The sun, an eternal symbol of energy and the bright side of life is the Upali Group's emblem and inspiration.

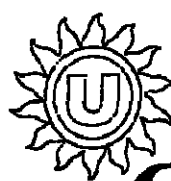
For centuries the people of Sri Lanka, bronzed by its warmth have looked upon the fiery star as a sign of good omen and adorned their flags and crests with its likeness.

The Upali Group's burnished sun shines not only in Sri Lanka but over many lands, Malaysia, Singapore, Britain, where their products are manufactured and

U.S.A., Australia, Japan, Ireland, Hong Kong, Thailand, where they are marketed.

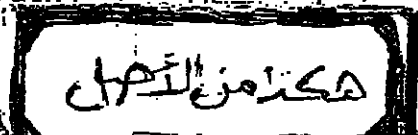
It is the stamp of quality that is synonymous with the success of the Upali Group's ventures. In countries far and near, in spheres as wide and varied as the manufacture of chocolates & confectionery, radios and electronic equipment, motor cars, cocoa processing, cocoa plantation management, management services and distribution.

That's the sunshine story of the Upali Group, whose every product and service is blessed by the sun.



Upali Group

Head Office: 223 Bloemendhal Road, Colombo 13. Sri Lanka. P.O. Box 172. Telex: 1198 Upali, Colombo.



SRI LANKA II

A welcome about-turn in economic policy

SRI LANKA'S economic policy about-turn has caught the imagination of aid providers, bilateral as well as multilateral. Aid commitments have increased dramatically. But those who want to see the new economic drive sustained will have to show continuing commitment if the Government's good intentions are not to be overwhelmed by unfavourable external circumstance and the magnitude of the tasks.

Although Sri Lanka has always been favoured—relative to its small population—by providers of assistance, help is now forthcoming in record amounts. But there is still a strong argument that massive, unstinting assistance at this stage could make the critical difference in sustaining economic growth at around the 7 per cent level of the past two years into the medium term.

That is the level which is needed if Sri Lanka is to break out of genteel poverty to achieve the real per capita income gains registered by most similarly well endowed south-eastern Asian countries. Otherwise, 7 per cent could prove a two year wonder and Sri Lanka slip back to the miserable levels of the previous decade when per capita GNP was stagnant. This year growth is unlikely to surpass 5 per cent.

If Sri Lanka's progress is to be maintained, the investment programme must be sustained. The pathetic economic performance of the past is readily explained by the low level of investment—averaging only 14 per cent of GNP. During 1970-1977.

Increased aid

In the past two years the level has been raised to 20 per cent and 25 per cent, respectively. There has been a consequence firstly of big aid increases and, secondly, of higher export prices during 1977 and 1978 improved terms of trade on exchange earnings and government revenues.

But over the past year, both have been severely mauled. Tea prices have been weak, cutting into revenue. And, overall, terms of trade have declined sharply largely as a result of import prices they fell 28 per cent last year and have since slipped further.

Oil is only part of the problem. With hydro-power the main source of energy, net oil imports account for only little over 10 per cent of imports. But all import prices have been rising while tea, which accounts still for nearly 40 per cent of exports has been falling.

Other than yet more aid, the only way out of the bind in the short-term is a severe cut in consumption, very difficult to opt for in a democratic system even for a Government as single minded as that of President Jayawardene; or a cut in the hope for the future—investment.

The Government cannot be accused of weakness in facing up to the situation. Indeed, its opponents have been able to claim that it has been ruthless and hard hearted. Faced with the rising cost of capital projects and weak revenue growth the Government took an axe to food subsidies in February this year, for the second time since it came to power. Prices of imported rice, wheat and sugar were allowed to rise to international levels.

The poor are still subsidised through a food stamp scheme. But there is no longer a general subsidy.

These food price rises, combined with energy price factors, other imported inflation and domestic over-heating, combined to push consumer prices anything between (depending on the origin of the estimates) 30 and 40 per cent higher in the first half of this year, compared with the first half of 1979. For many people the impact was not quite as alarming as it appears.

Wages in many private sector industries almost kept up with inflation. Construction wages rose at an astronomical rate due to demand. Many farmers benefited from higher market prices and good harvests. And the higher levels of employment increased family incomes, even while real individual earnings were falling. Many families were also helped by remittances from relatives abroad.

Liberalisation has meant that more workers are going overseas. And, more important, they are now remitting earnings. Remittances jumped to \$50m last year, a threefold increase since 1977.

All that said, there is also no doubt that inflation has had a heavy impact on the real earnings of many people, most especially urban public sector employees. These also happen to be the most unionised and vocal and were the core of widespread strikes—intended by the opposition to amount to a general strike—which affected the country in July and August and gave rise to a state of emergency.

The Government seems to have just about achieved the subsidies removal without setting off a vicious wage/price spiral. But the exercise probably is not repeatable. The UNP still enjoys some honeymoon spirit. People may grumble about prices, but they still appreciate that goods are available and there is choice in the shops. That is an unaccustomed freedom.

But the novelty will wear off. Just how little room the Government has for manoeuvre is shown by the fact that even after the bold subsidy cuts the budget current account is expected to show only a small surplus (Rs 430m), leaving almost all of the Rs 8.5bn capital budget to be met by borrowing Rs 5.4bn from overseas.

Though public sector capital formation in the past two years has been more than double the 1970-77 average of 6 per cent of GNP, most has had to be financed from abroad. All told capital formation last year hit 25 per cent of GNP compared with a previous average of 14.5 per cent, within the private sector effort rising to 10.5 per cent from 8 per cent.

However, in the wake of unfavourable external developments the domestic contribution slipped to 14.8 per cent of GNP, not significantly higher than the 1970-77 average. Foreign savings financed 44 per cent of capital formation.

The pressure on resources is immense. For example, just to reach the point where investors might be interested in investing in industrial or tourism projects showing fairly speedy foreign exchange earnings, the Government has had to make major commitments to long-neglected infrastructure, ranging from ports to telecommunications.

To encourage savings, interest rates have twice been raised, sharply by keeping them within touch of inflation. One-year National Savings Bank Deposits now earn 20 per cent, compared with 7.5 per cent, three years ago. It is also hoped that the increased cost of capital will cause it to be used more effectively.

Improved performance by public sector corporations should also raise the savings rate and the requirement that they now find most of their capital requirements either internally or from the banking system on a commercial basis will help government direct budget outlays to priority areas.

All these moves are in the right direction and explain why both individual donor countries and the IMF (which has extended a highly conditional extended fund facility loan) have been impressed. But, in the short-term, they go only a small part of the way to bridging the yawning gap between Sri Lanka's ambitions and resources.

Crop exports

For example, there is almost nothing that can be done in the short-term to boost volume agricultural exports. The three main products—rubber, tea and coconuts—are all long-gestation tree crops. Indeed, because of past neglect and mismanagement of estates, tree crop production is at a static level. Last year, output of all three main crops (though above 1978) was below 1970 levels.

The Government has stepped up replanting rates, but much greater efforts are probably needed if the backlog of replacement of over-aged trees is to be overcome. Though economic returns from replanting—particularly of rubber—are high, replanting is not a spectacular affair, and results in a short-term production decline.

Field crops, on the other hand, are amenable to quick gains and the Government can claim some of the credit for a rise of 12 per cent in paddy output in 1978 and a further 2 per cent last year. The rise was partly due to rises in paddy procurement prices and an increased subsidy to hold down fertiliser prices.

The sharp increase in the price of flour this year, following abolition of the subsidy, is now increasing the demand for rice and subsidiary food crops and is helping sustain paddy prices above support levels. However, the Government will have to remain determined that farm profitability is not eroded by rising prices for manufactures and pressure from the urban sector to improve internal terms of trade in their favour.

With tree crop output almost static, paddy is the key to achieving the 5 per cent annual growth target for agriculture for which the government is aiming. If achieved, it would reduce Sri Lanka's dependence

on imported cereals to 30 per cent from 45 per cent and make it close to self sufficiency in rice.

The lifting of most subsidies and controls on food pricing are a major gain for domestic producers and are already having a significant impact in reducing grain import volumes. Liberalisation in other areas, however, has had its inevitable drawbacks. A few industries—most obviously, handloom textiles—have been hurt by import competition or removal of subsidies.

Though manufacturers still enjoy heavy tariff protection, this is not quite so effective as the total import bans that used to apply to almost anything manufactured locally.

The lifting of bans on imported consumer goods—notably consumer durables—not manufactured in Sri Lanka and previously regarded as non-essential has shifted some spending power to imports and doubtless encouraged some luxury spending that, in theory, might have been saved. Most dramatically, motor cycle imports rose from 700 in 1977 to 18,000 last year, cars from 2,500 to 10,000.

The fashionable residents in Colombo can now acquire, at a price, the latest gear, from cassette recorder to sunglasses and beachwear. It is difficult to estimate the impact of this spending on the balance of payments. At most though, it probably adds only 10 per cent to the import bill. This is part of the price to be paid for consumerist and capital incentives.

Some of the foreign exchange bill is offset by remittances previously withheld because of the shortage of goods to buy. The rush to import may, anyway, lose its novelty.

Meanwhile, import liberalisation has been a boon to many industries which were previously operating below capacity, due to shortages of raw materials or spare parts.

Shortage of funds and a general antipathy towards further expansion of the State sector, and the shortage of private sector companies with sufficient capital and skills, will probably act as a drag on major industrial projects. The out-

standing exception is cement where new capacity is needed to meet the requirements of infrastructure and housing schemes.

For the time being, industrial development seems likely to be focussed on the investment promotion zones. The value added in these processing industries is normally not high. There is little transfer of technology and even less linkage to other sectors of the economy. But they have an outstanding advantage of being quick-acting suppliers of jobs and foreign exchange—invaluable given the long gestation periods of most other projects. Sri Lankans are, underneath a sometimes apparently naive enthusiasm, quite realistic.

They know that the first flood of investors (mostly from Hong Kong) came simply to grab some additional access to restricted Western garment markets. This grab-it-and-run attitude may not be a form of industrial foundation, but it put Sri Lanka on the world export processing map more quickly than even local enthusiasts had thought possible.

Growth leader

Industry is hoped to be a growth leader in the next three to four years, with output (excluding crop processing) growing at 8 to 10 per cent. It should not be too heavy a burden on resources. Export projects are mostly labour not capital intensive and are to a great extent financed by investment from abroad.

Meanwhile, existing industries still have great scope for improved capacity utilisation. Nevertheless, there is clearly a danger, according to a recent World Bank report, that public sector demands on available capital will squeeze out potential private investor projects, especially in small scale industry.

Indeed, it is a paradox at the heart of Sri Lanka's current economic problems that a Government truly devoted to free market and private ownership principles has created a monster of public spending expectations.

Philip Bowring

A name
to remember
when experience
matters.....

ARISTONS LTD.

We export coconut fibre brushes, all shapes, coconut fibre "Modes" brassieres, gents and ladies' handkerchiefs, ladies' blouses, batik ebony elephants, reedware shopping bags, "Aristons" top tea and scented tea, spices and all types of handicrafts, granite, handloom serviettes, anthuriums and orchids.

We are looking for agents and inviting trade inquiries.

Exporters of all types of Foliage.

ARISTONS LTD.

(established in 1922)

No. 5, Gower Street

Colombo 5, Sri Lanka

We are in the travel
business too....

For the happiest holidays in
Sri Lanka, remember

ARISTONS TOURS

where expertise and personalised attention are easy to get.

Write, phone or cable for confidential tariff

ARISTONS TOURS

No. 5, Gower Street

Colombo 5, Sri Lanka

Phone: 82436 or 82102, 87036 Cable: Turntide

Telex: 21302 answer back "Ruwni" CE

Surge of new interest by foreign banks

TWO OF the most dominating buildings in the town district in the heart of Colombo are the offices of the two old colonial British banks, the Hongkong and Shanghai and the Chartered. Until recently they had become accustomed to a singularly faded grandeur, declining slowly but surely to the run-down, dilapidated state of most of the city.

But now the interiors of both these commercial palaces are being torn apart for modernisation and refurbishment as commerce and capitalism are once again King of Colombo's Front.

For years under the previous regime all foreign banks had lingered under the threat of imminent nationalisation and they were naturally reluctant to invest in the future. They were on the brink of finally succumbing to State takeover when Mrs. Bandaranaike's Government was defeated.

Policy was reversed so sharply that not only were foreign banks allowed to stay, but new ones were encouraged to come in. Such has been the response to this, as to other commercial liberalisations, that office space in the heart of the city is almost impossible to find. Such banking newcomers as Citibank and Bank of America, who normally congregate in both comfortable and prestigious locations find themselves thankful for the makeshift and slightly off-centre accommodation they have found.

Until the arrival of the UNP Government there were seven, long established foreign banks: three British colonial banks (HSK and Shanghai, Chartered and Grindlays), three Indian banks and the Habib Bank of Pakistan.

Liberalisation

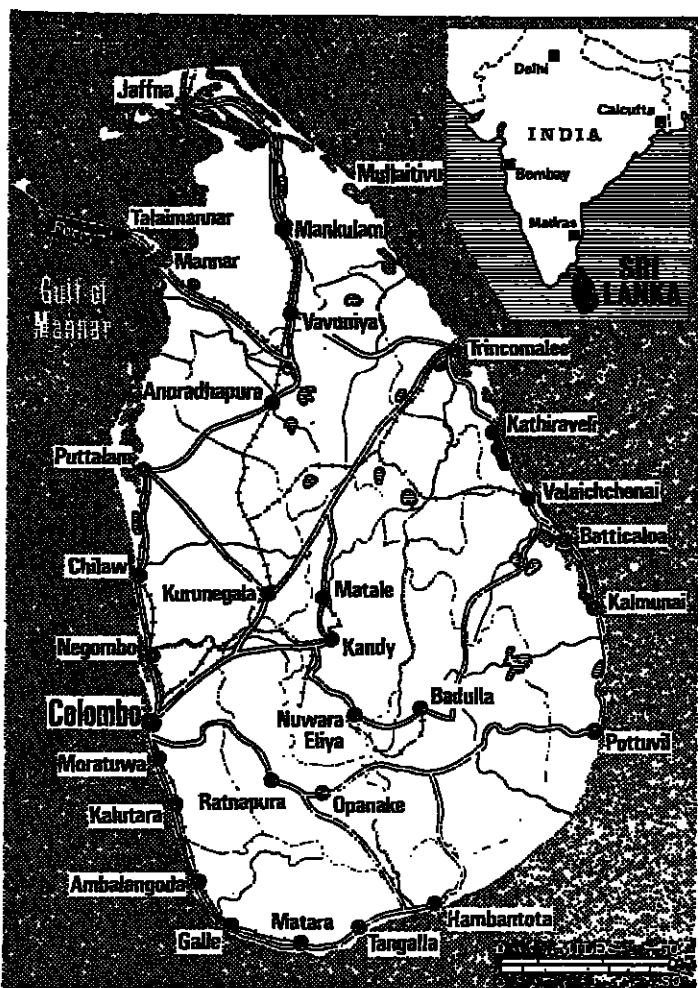
Since liberalisation last year, 12 new foreign banks have been given permission. They include four American banks (Chase, Amex, BoA and Citibank), three from the Arab world (BCCI, Bank of Oman and Bank of Dubai), three from Europe (Algemeine Bank Nederland, Indo-Suez and European Asian) and one from Hong Kong (Overseas Trust Bank). In addition six more applications are now in the pipeline.

For most of the newcomers only Rs10m in capital had to be brought in, but that has now been raised to Rs50m.

The Government is especially keen to attract a Japanese bank. The Bank of Tokyo is understood to have been considering setting up a representative office but a branch may be longer in materialising due to the foreign branch rationing policy pursued by the Ministry of Finance in Tokyo.

Foreign banks are allowed one branch in Colombo and one in the free trade zone. Exceptionally, the State Bank of India and the Indian Overseas Bank have been allowed outside the capital in a limited way because of their experience with agricultural lending which the Government is trying to foster.

To help put Sri Lanka firmly on the international capitalist map, the Government last year authorised the setting up of Foreign Currency Banking Units (FCBUs) permitted to conduct offshore business and business with the free trade zone entirely free from tax. The idea of making Sri Lanka yet another "international financial centre" sounds a touch grandiose or simplistic, particularly as major centres.



(Bahrain and Singapore) are not far away either in time or distance. Total freedom from tax is no longer a novelty, and though Sri Lanka's communications with the outside world have improved dramatically, they are still far from perfect.

That said, the FCBUs could be a small bonus, helping the development of the trade zone, and perhaps helping to reduce spreads on commercial bank loans—both trade finance and medium term—to which Sri Lanka may have to resort in larger measure than intended. All the commercial banks have either already set up, or will set up, FCBUs. So far the total liabilities of the units are about U.S.\$100m.

Banking law will soon be changed to allow foreign banks to set up FCBUs regardless of whether they have a domestic banking licence. The Central Bank says it has had several inquiries from foreign banks which are interested in the offshore business but not in local banking.

Domestically, both foreign and local banks have been worrying that the expansion of foreign banks is outstripping the growth of business. So far, that has not happened due to the surge in foreign trade, capital movements and remittances. Competition will get tougher but that is anyway what the Central Bank wants to see to improve local banking practice, and on the theory that the more foreign banks there are the more foreign investment will be encouraged.

Swift action

However, there are limits to the competition that the Central Bank will allow. Recently, in a bid to attract deposits, two newly arrived foreign banks started offering interest on current accounts. That was swiftly stopped and the banks told to compete on the basis of service.

Competition for funds is already marked and the fact that there are more institutions is likely to increase the level of

stocks. But trades are few and many of the listed companies are in fact plantations awaiting compensation for nationalisation by the previous Government. There is some debate going on as to whether, when the compensation is paid, the companies should be wound up or whether the compensation should be invested in new commercial or industrial enterprises.

Budget boost

The public listing of companies should get a boost from the last Budget. New investment incentives for certain types of industry will only be given to quoted companies. Quoted companies get a general tax concession. They now pay 40 per cent compared with 50 per cent for ordinary companies. There is also tax relief for dividends of quoted companies. However, incentives may not be much of a draw until there is a more active market in shares and until bank interest rates are substantially reduced or tax concessions on dividends are raised.

Other ideas for helping the capital market and the development of share ownership include setting up a unit trust—a World Bank team has been looking at that possibility. Indeed, with Sri Lanka now clearly back on the capitalist road there is likely to be a welcome of sorts for any schemes and institutions which allow for the making, and losing, of money.

P.B.

CHOOSING THE RIGHT GEMSTONE INVESTMENT PLAN MEANS KNOWING WHO CHOOSES THE RIGHT GEMS

GARANTI INVEST KNOW HOW TO CHOOSE THE RIGHT GEMS — WE HAVE BEEN SELECTING THE VERY BEST FOR MANY YEARS. NOW WE WANT TO CHOOSE SOME ENTHUSIASTIC BROKERS AND ESTABLISHED FINANCIAL CONSULTANTS WHO WILL ADVISE THEIR CLIENTS IN THIS PROFITABLE AND RAPIDLY GROWING INVESTMENT FIELD.

Gemstones have become an important diversification in many investment portfolios. During the last 10 years, quality diamonds have increased substantially in value, constituting an effective hedge against inflation. Other precious stones have shown steady growth.

Garanti Invest are a leading authority in the gemstone investment field and we now believe sapphires offer a strong prospect for substantial capital growth. Of course, every investment has a risk attached but sapphires are still about one-third of the price of diamonds, are rapidly becoming more sought after and, as a result of this, the supply of top class stones is diminishing.

The ability to recognise and classify gemstones is, however, crucial to successful gem investment. The best blue sapphires are mined in Sri Lanka and Garanti Invest have established an internationally recognised system of sapphire grading, called S & Q 78. The system ensures that every stone has been scientifically graded and valued and that a certificate has been issued by qualified gemologists. Every stone is sealed in an S & Q cassette, and our undertaking to re-purchase is guaranteed on this basis. As a result, sapphires can now be bought confidently on certificate description.

GARANTI INVEST ARE ESTABLISHED EXPERTS IN BOTH SAPPHIRE AND DIAMOND GEMSTONE INVESTMENT. IF YOU ARE INTERESTED IN HELPING US TO DEVELOP THIS EXCITING INVESTMENT AREA, PLEASE WRITE TO US FOR ALL THE DETAILS, OR TELEPHONE 01-629 7158.



Garanti Invest Limited

Garanti Invest Limited
278-282 High Holborn
London WC1V 7HA

Scandinavian Office
Skeppstorg 5-6
41121 Göteborg Sweden

To Garanti Invest Limited
278-282 High Holborn, London WC1V 7HA
Please send me your Sapphire investment details
without obligation to:

Name _____
Address _____
☐ Please tick if you are a financial adviser

SRI LANKA'S NATIONAL SHIPPING LINE CEYLON SHIPPING CORPORATION carries your cargo • THE FASTEST TO UK/CONTINENT

FELIXSTOWE	17 DAYS
HAMBURG	19 DAYS
ROTTERDAM	21 DAYS

(ROUND VOYAGE IS 44 DAYS)

- 560 . TEU CONTAINER SHIPS
Leave Colombo every 22 days for the above ports.
- Cargo in transit to
ANTWERP, BREMEN & SCANDINAVIA AT NO EXTRA COST.
- Also to HULL/IMMINGHAM FROM FELIXSTOWE
at the same cost as that if carried directly to HULL.
- TO DUBLIN AT MARGINAL EXTRA COST.
- ALSO ON SAILINGS FROM COLOMBO EVERY THREE WEEKS
FOR SINGAPORE, HONG KONG AND JAPANESE PORTS.
- AND ON MONTHLY SAILINGS FOR JEDDAH, PORT SAID, TUNIS,
TRIPOLI, BENGHAZI & LATTAKIA.

CSC's SUBSIDIARY—CEYLON SHIPPING LINES LTD.,

- OFFERS — 980 TEU CONTAINER SHIPS OF THE PRINCIPALS
OF C/S/L LTD. (AMERICAN PRESIDENT LINES).
Leaving Colombo Every Fortnight for U.S.A.
(WEST/EAST COASTS) CANADIAN, SOUTH KOREAN,
JAPANESE, TAIWANESE & PHILIPPINE PORTS.

— MOST COMPETITIVE RATES —



Telex: 21165, 21205 CEYSHIP, 21664 CSC FOB
Phones: 24872, 22076, 21525, 26077, 25744,
24770, 24873, 28772

Address: 6 Sir Baron Jayatilake Mawatha,
Colombo 1.



Telex: 21113 EASTLINE
Phones: 20888, 27052

Address: 333/1, Sir Baron Jayatilake Mawatha,
Colombo 1.

Office of the CSC EUROPEAN REPRESENTATIVE

22, Regent Street, London SW1 4QD, U.K.

Phone: 01-839 7555

Telex: 886591 CEYSHIP & 8811656 AB EUNOLG

In Colombo, the most demanding travellers stay with us

The Hotel Ceylon Inter-Continental was designed for the busy executive on the move. At our Businessmen's Centre you will find an efficient Secretary who will make your appointments and convey your telephone and telex messages. There are rooms for interviews, function facilities, stationery and library. Copying and duplicating services. In fact every possible convenience to smooth your busy round. And if you can steal a little time off there's sea, sun, fun, swimming, tennis, potting, squash and of course sumptuous food, superb entertainment and service at your fingertips!

THE BUSINESSMEN'S CENTRE



**HOTEL
CEYLON
INTER-CONTINENTAL**

SRI LANKA



Suma & E

There is scope too for non-bank institutions. Finance companies are still very small but have recently become more visible and should particularly benefit if housebuilding and consumer durable spending continue their rapid growth. Equipment leasing for construction and manufacturing industry is also a possibility.

In recognition of this, legislation to control finance company lending rates have been introduced and the Central Bank is considering subjecting them to liquidity requirements—the banks must keep—interest free—with the Central Bank reserves equal to 5 per cent of time deposits and 12 per cent of demand deposits.

The Government is also anxious to revive the near defunct capital market and organise a stock market. The Colombo Brokers Association publishes regular list of quoted

SRI LANKA IV

A COMPLETE SERVICE UNDER ONE ROOF, BACKED BY OVER A CENTURY'S EXPERIENCE

- EXPORT
- IMPORT
- MANAGEMENT
- TRAVEL & TOURISM
- PRINTING & PACKAGING
- INSURANCE
- IATA AGENTS (PASSENGER AND CARGO)
- ROAD HAULIERS

Business and Trade inquiries are cordially invited and will receive prompt attention

SINCE 1854

THE WHITTALL BOUSTEAD GROUP OF COMPANIES

Whittall Boustead Limited
Bosnquet & Skrine Limited
Whitmines & Gem Exports Limited
Whittall Boustead (Travel) Limited
Industrial Managing Agencies Limited

146, Vauxhall Street, Colombo, 2, Sri Lanka,
Telephone: 29161 (17 lines)
Cable: 'WHITTALL'
Telex: 21104 BOSWIT COLOMBO

More incentives for investment

THE SPECTRE of the 1971 insurrection when thousands of well-educated, jobless and disillusioned youth waged war for two months against impossible military odds, still looms large. It has made employment one of the most urgent priorities in President Jayewardene's impressive campaign to restructure the island's economy.

As one of the three "lead projects" under his direct control, the first export processing zone on 300 acres adjacent to Colombo's Katunayake airport, is expected to make a significant contribution.

The task seems all the more imperative as prices tumble in response to the dismantling of subsidies and a suddenly liberalised economy, a revival of union agitation after years in obscurity and about 800,000 unemployed in a 14m population; more difficult too in a year of 32 per cent inflation and further deterioration in the terms of trade.

When the zone started operating in 1978, it was anticipated a mere 12,000 would be employed there in the first few years. Now expectations have risen to a direct 50,000 and an extra 100,000 in allied services.

Progress was swift in the first year at Katunayake as Sri Lanka, boasting an 88 per cent literacy rate, promoted its easily trained but low paid workforce. Asian investors, their own free trade zones moving from labour to capital intensive, were the first to take advantage of the attractive concessions but critics viewed the new arrivals as "refugees from quota systems" in Hong Kong, Taiwan and Singapore.

Tax benefits

Aside from educated workers on \$1-a-day wages, the incentives include 100 per cent tax exemption for up to 10 years (renewable), unlimited foreign holdings and free transfer of shares.

After the 10-year tax holiday, income tax would be 2 per cent on sales to countries outside Sri Lanka (5 per cent on sales in Sri Lanka), and withholding tax on royalties and technical service, payments would be 10 per cent. Foreign personnel are exempt from tax and dividends to non-resident shareholders are remittable tax-free.

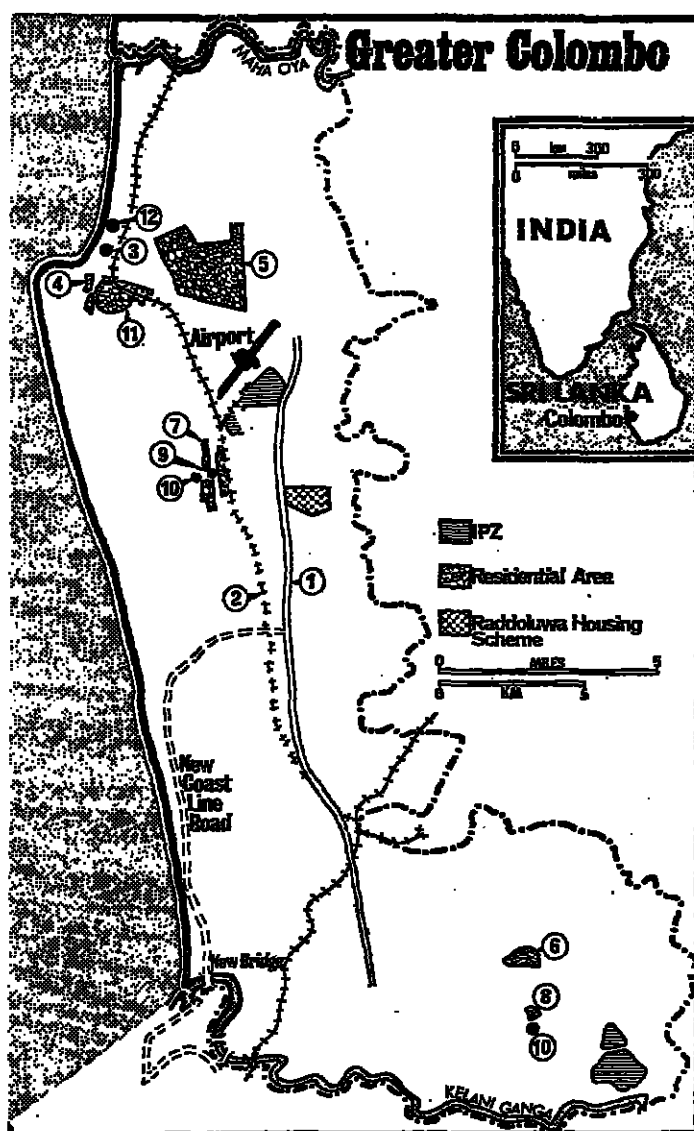
The commission assesses proposals according to Sri Lanka's needs, so investment incentives are determined on the basis of how much projects will generate employment, earn foreign exchange, develop technology and use local raw materials.

Imports of equipment, construction materials and other inputs are free of controls and duty. Likewise, export controls are absent but export duties may be levied or exempted on finished goods in certain cases, at a rate depending on the capital investment and degree of processing of local raw materials and technology.

The flexibility of the Greater Colombo Economic Commission (GCEC) charged with developing the zone, "exemption from laws" and "waiving of red tape," have doubtless contributed to the taste of the carrot, as have much vaunted political stability, central location and offshore banking facilities.

Coconut groves made way for sparkling white factories and 6,000 youngsters found work, most of it in garment enterprises. At the end of the second year, however, the initial spurt slowed in response to the ever-tightening screws on the world's clothing and textiles industries. Fewer garment projects have been approved and only 2,000 more jobs created.

The 58 local garments makers, most of them wholly Sri Lankan owned, started arguing about



KEY to other development projects in the structure plan of the Greater Colombo Economic Commission (GCEC): 1, road from Katunayake to Kiribathgoda; 2, railway improvement, Ragama-Katunayake; 3, Negombo road improvements; 4, slum clearance; 5, Katana New Town; 6, Biyagama housing complex; 7, Seeduwu New Town; 8, Biyagama housing and commercial complex; 9, Seeduwu Regional Hospital; 10, Seeduwu and Biyagama International Schools; 11, Kadoikele Township; 12, Negombo water supply and sewerage system.

the 50-50 arrangement with the nin foreign or joint ventures inside the zone for the allocation of a newly-imposed U.S. quota.

GCEC officials emphasise that, from the outset, EEC quotas were reserved for factories outside the zone. When the U.S. quota was imposed, however, it was decided—mainly because zone factories had geared themselves to the U.S. market and clearly had the capacity—they should be allocated half.

Factories outside argued that, as they employed 27,000 workers against the zone concerns' 7,000, the allocation was most unfair. But with quotas allocated on performance, the GCEC maintains it is the zone factories who have most to complain about; that, although they had been operating only 16 months and employed far fewer people than their counterparts, their production had far outstripped local output.

Against this background, the attraction of the first electronics multinational to the island will not have come too soon. Negotiations are expected to be completed this month with an as yet unnamed U.S. corporation in a deal to produce computer components and employ as many as 3,000 in a single plant.

Agreement is the breakthrough the GCEC has been waiting for after a massive promotion campaign through Europe, North America and Asia. Special efforts to woo companies and bankers in California's "silicon valley" appear to have paid off and the commission is convinced that once one big corporation starts nibbling, others will be quick to follow. Indeed, another U.S. electronics group is expected before the end of the year.

While electronics enterprises

are forecast to provide the second wave of investment at Katunayake, a push is also on for diversification, not only to non-quota garments but to more industries based on local raw materials, at present mostly exported in semi-processed form.

Part of the reason for a slow start to the processing of traditional exports in the zone is perhaps the rider that "where dutiable, raw material is used, the domestic value added to the product should at least compensate for the revenue lost in waiving export duties."

In spite of the strictures on local private investment, however, much interest has been evident in the past few weeks in the prospects for tea blending.

In its short life-span, the GCEC has managed to attract Rs 959m (\$56.4m) from foreign investors on binding agreements for 54 projects. With total investment at Rs 1.3bn, Sri Lankan input continues to be small and indications are that the ratio of imported components to local value added will be even higher in the gradual move to more sophisticated industries.

Exports

The 23 factories already in production have logged up Rs 365m in exports, though none is yet operating at capacity. Projected exports for the 121 schemes so far approved are put at Rs 3.3bn, Rs 2.4bn of which would be the foreign component.

Most of the enterprises are joint ventures, one of the more recent being a fishing gear venture set up by Rolf B. Sawal of Norway and Mr. C. Senanayake of Colombo. LMK Browns of Colombo is in collaboration

with Lo's Mee Kwong Garments of Hong Kong. Glowave Rubber of Colombo has collaborated with Halftonbach of West Germany to make rubber latex thread.

Minimum wages range from Rs 354 a month for apprentices to Rs 471 for skilled workers. The bill which the Government introduced to establish the GCEC, gave the commission special powers to prevent the formation of trade unions and to vary the conditions of service. This was ruled inconsistent with the country's constitution, and the relevant clauses were withdrawn.

As a result, unchanged labour laws apply in the zone. From the point of view of investors, this means, for example, that it is a criminal offence (save in obvious cases where a worker has committed a theft) to sack a worker without the consent of both the worker and the Department of Labour, a provision against which employers in Sri Lanka have rallied years, without success.

Port facilities

Basic infrastructure at Katunayake, at a cost of Rs 350m to the Government, has been much slower arriving than customers were led to believe. Colombo port, however, has been improved and container facilities are being installed with Japanese aid. Work is well ahead on widening the Katunayake-Colombo road and extensions to the airport, and an international direct dial system has been operating for several months.

Many businessmen working out of Colombo may have better appreciated an adequate telephone system in the city. The overloaded network, compounded by an overloaded bureaucracy, has been the subject of much criticism. But, if it seems impossible now, how must it have been before the improvements were carried out? A Post and Telecommunications official is pleased to have noted that the number of phones reported out of order has been halved to about 500 a day.

An electronic exchange (bought from CIT Alcatel with half the Rs 140m cost on a 15-year French credit line) is to be installed next May to provide 9,000 extra lines and maintenance procedures on the present system are to be stepped up.

The GCEC's responsibility for infrastructure goes further than Colombo and the Katunayake zone. Twelve more projects are scheduled in its 160-square-mile area of authority, including a second investment promotion zone for heavy industries at Biyagama, south of Colombo, and a 15-mile expressway linking Katunayake with the port.

Both are expected to get under way before the end of the year. But taken with railway, housing and water supply schemes and 60 per cent inflation in the construction industry, the anticipation that the commission can stay within its Rs 350m budget for the next four years seems optimistic. The same applies to its chances of attracting private investment, both local and foreign, to meet the estimated Rs 3bn total costs of overall infrastructure.

Lately, however, foreigners and locals have shown interest in a number of housing projects for workers attracted to the investment zones. The same incentives as those for zone enterprises would apply. It is hoped private concerns will also take up the expressway and rail projects, initially the responsibility of the GCEC, as plans for public resources are revised in the light of a further widening in the trade deficit

and soaring costs on its own and other lead projects, the Mahaweli irrigation and urban housing schemes.

After several years of unparalleled growth and new prosperity, Sri Lanka's economic experiment is running into difficulties which poured in so much capital in response to the President's open door policies, are trying to call the tune and force further cuts on an already revised development programme.

The Government, having taken unpopular decisions in cutting food and other welfare subsidies to conform with IMF textbook policies, now faces growing demands for wage in-

creases as prices for basic food items treble.

Instead of relenting with a wage rise all but promised last May, however, the President has taken extreme measures against recent union strikes and the promises have been replaced by long rhetoric about "politically motivated action."

With his threat to bring in legislation banning all strikes in the public sector and Sri Lanka's history of political volatility, the possibility of the President's being able to meet the electorate's raised expectation of better living standards and more jobs in the short term seems more and more remote.

Stephanie Gray

Wanted. Importers and Distributors for Mosaic Parquet Flooring

Manufactured in Sri Lanka in technical collaboration with Bauwerk AG, Switzerland.

Teak and other tough tropical varieties. Mature. Rich-grained. Quality controlled at every stage.

Backed by an experience of 10 years in exporting Mosaic Parquet Flooring to Europe, USA and Japan.

Contact Parquet (Ceylon) Ltd., P.O.Box 48, Colombo, Sri Lanka.

Télex: Donte 21186 Colombo
Telephone: 20426 & 25676
Cables: Parquet Colombo

Make your profits grow with us as your partner.

We tower above the rest.

Yes, in every sense of the word, we are Sri Lanka's most outstanding Banks.

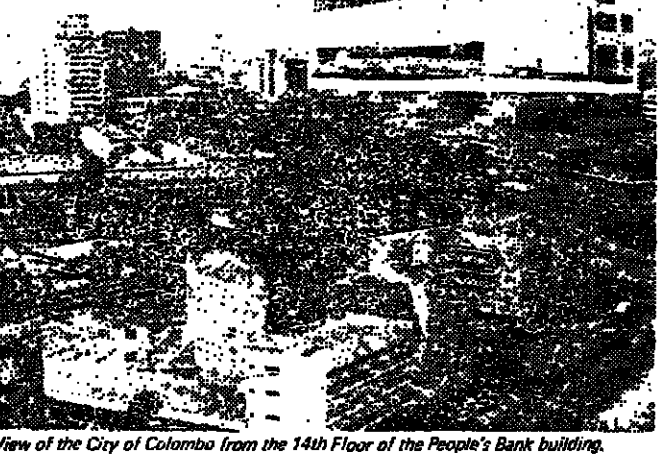
We have assets worth over six thousand million. Our Savings Deposits account for 56% of the total Savings Deposits of all commercial banks.

We have the biggest branch network in Sri Lanka, which means we have the widest reach in our own domain.

Even our Headquarters Building dominates the skyline of Colombo, Sri Lanka's capital city.

And we are still growing, taking great dynamic strides in diverse directions. All this means we are best equipped to meet the needs of foreign entrepreneurs. Like you.

PEOPLE'S BANK
The fastest growing bank in Sri Lanka.



ART FABRICS BRASSWARE

Export catalogues available on payment of U.S. Five Dollars

LAKLOOMS 72 CHATHAM STREET, COLOMBO, SRI LANKA.
Telex 21194

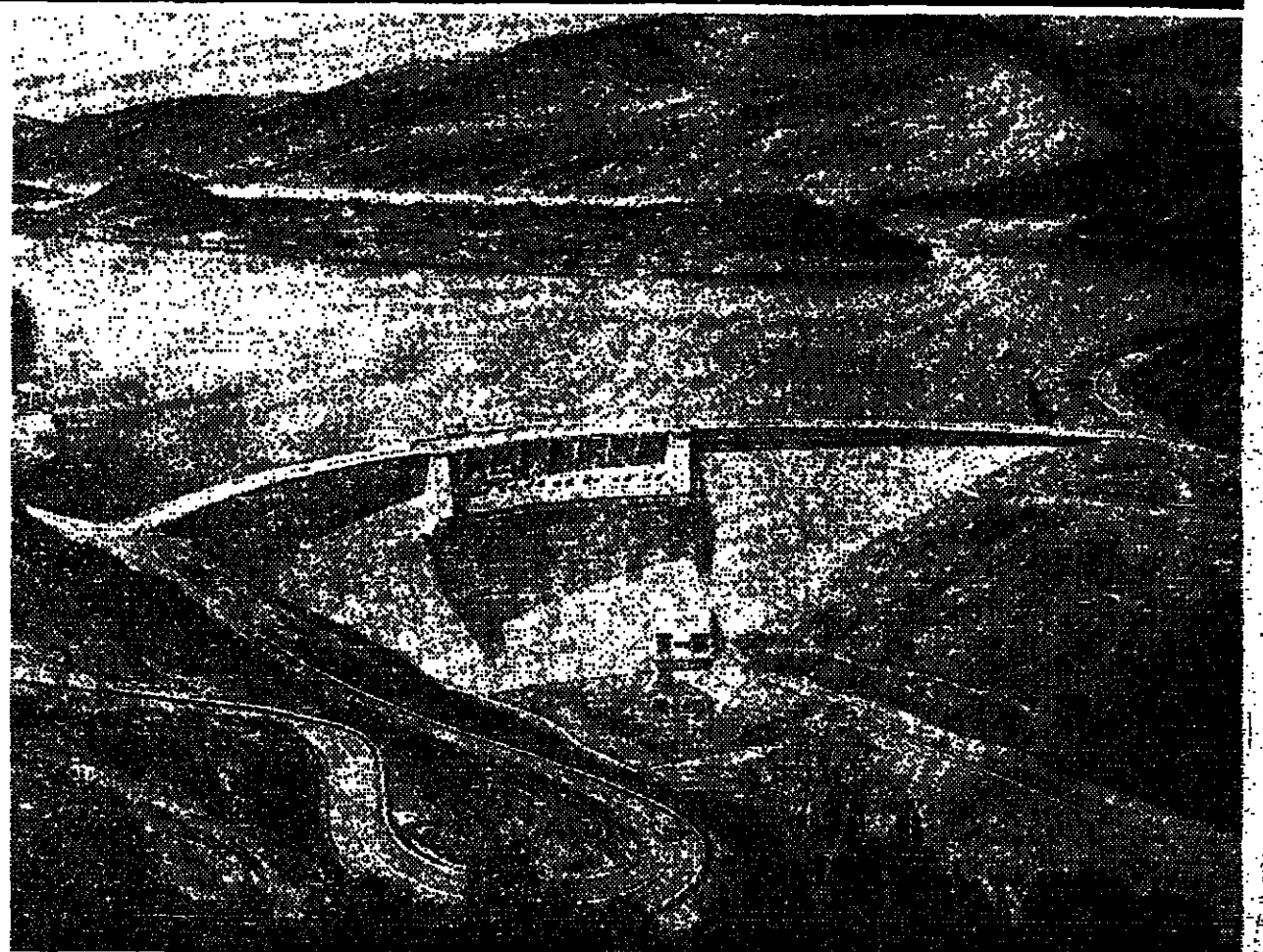
Victoria Dam and Hydro-Electric Project for the Mahaweli Authority of Sri Lanka

The dam and tunnel for this huge project are being built by Balfour Beatty Construction Limited in joint venture with Edmund Nuttall Limited. Consultants for the work are Sir Alexander Gibb & Partners, in association with Preece Cardew & Rider and the Central Engineering Consultancy Bureau.

The dam will be 122m high and 507m across the crest, and the tunnel 6km long and 6m in diameter. Associated with this work will be a permanent township.

This far-sighted project forms part of the Mahaweli River Basin development programme, which will double Sri Lanka's hydro-electric power supply and significantly extend the irrigation area in the lower river basin.

Backed by experience, manpower, and the huge financial resources of the BICC Group of which it is a member, Balfour Beatty undertakes civil, electrical and mechanical engineering projects, large or small, anywhere in the world.



Balfour Beatty Construction Limited

7 Mayday Road, Thornton Heath, Surrey CR4 7XA, England.
Telephone: 01-684 6922 Telex: 264042 Cables: RUOFLAB Thornton Heath Telex



HYDRO-ELECTRIC SCHEMES · TUNNELS · ROADS & BRIDGES

مكتبة النجف



INDUSTRIAL BUILDINGS · HOUSING · RIVER CONTROL & IRRIGATION · WATER & SEWAGE TREATMENT · GROUND ENGINEERING · HARBOURS · HOTELS · RAILWAYS · DAMS · POWER STATIONS · AIRPORTS

More industrial projects underway

EVEN DURING the rule of Mrs. Bandaranaike and her Marxist sometime allies, foreign investment was not necessarily a dirty word to the Sri Lankan government. To some extent it has always been encouraged—in theory.

Practice has been rather indifferent. To an outsider it comes as something of a surprise to find that the Foreign Investment Advisory Committee (FIAC), the body charged with helping the flow of foreign investment, was set up a whole decade ago.

It is less of surprise to learn that its total project approvals to the end of 1977 involved investment of a paltry Rs200m and most of that was in tourism. Government's genuine desire for foreign investment in certain sectors was not readily compatible with economic policies stressing import and price controls, and political pressures for nationalisation.

By contrast, in 1978, the first full year of the UNP Government, the FIAC approved 33 projects totalling Rs200m. But the snowball only really gathered pace last year when 113 projects were approved involving Rs2,065m in investment of which Rs1,214m was foreign, and with a direct job creation potential of 15,000.

The momentum is being maintained this year and the FIAC is looking forward to a doubling in approvals. At the half way mark, approvals in Rupee terms in money were at Rs2,127m, slightly ahead of the whole of 1979.

Significant

FIAC investments have not attracted quite the same attention as those in the export zone, but they are probably as important in foreign exchange earning terms, and certainly more significant for the broad development of the Sri Lankan economy.

So far however, the majority of investment continues to be concentrated in tourism and, most recently, in construction or related fields connected with major foreign aided projects or with private sector housing schemes.

It naturally takes more time for most manufacturers to identify domestic market potential than it does to move into service industries or those, like garments, with small capital outlays. However, it is vital that the FIAC maintains its momentum and attracts increas-



President Jayawardene is encouraging more foreign investment to achieve a broader and more efficient manufacturing sector, able to absorb labour, earn foreign exchange and supply local consumer items at moderate cost.

ing amounts of investment into manufacturing joint ventures, either for import substitution or to cater for foreign and local markets. A useful tool for potential foreign investors is a Register of Investors published by the FIAC with the names and interests of local companies with investment ideas but who lack capital and manufacturing skills.

One obstacle could be the widespread belief among foreigners that FIAC investments under the FIAC are limited to 49 per cent foreign ownership. In fact, this is merely a guideline and higher foreign ownership levels are readily negotiated.

Large foreign firms are conspicuous by being absent from joint venture links so far. This may be partly because they prefer large scale operations which may be beyond the horizon of local entrepreneurs. Export oriented industries are, as everywhere, favoured with generous tax holidays and capital allowances. Pioneer and import substituting industries can receive equivalent incentives. However, under the latest guidelines, they must—unless they fall into the category of small and medium scale industries—be publicly quoted com-

panies. This rule has the desirable objective of trying to revive the capital market and spread share ownership among a wider public. However, it could be an added problem for foreign investors for whom coming to Sri Lanka at all may be a major step.

The Sri Lankan market is also very small for many import substituting industries. The Government is aware of the dangers of high cost, inefficient industries being allowed. However, protective tariffs, normally of 50-100 per cent, can be negotiated with the Tariff Review Committee.

At present, manufacturing in Sri Lanka is dominated by the public sector—a consequence partly of nationalisations, partly of direct Government investment in some fields, and partly the result of takeover of failed private businesses.

There will be no denationalisation, but the Government intends gradually to subject public corporations to commercial forces. They will have to look to their own resources, or the banks, if they want money for expansion.

The largest manufacturing sector is textiles, which accounts for 11 per cent of industrial output and employs (including the garment sector) 250,000 people. It is dominated by the National Textiles Corporation, which has large integrated mills and is primarily in cotton textiles.

A better performance should be recorded this year as both Greater Colombo Economic Commission and FIAC projects start coming on stream in large numbers. The last quarter should also see the start up of a major urea plant. This will raise industrial output and reduce fertiliser imports. But

The private sector is fragmented and is mostly in synthetics and garments. The Government says that productivity in State mills has been improving, but admits it is still low. It recently made management contracts with four foreign companies—Bomby Dyeing, Lakshmi Textiles and Star Textiles of India and Tootal of the UK—to manage its five mills.

With only some relative minor new investments, the Government hopes that the injection of foreign management expertise will raise capacity utilisation to 90 per cent and drastically raise quality standards. At present, almost all garments manufactured in Sri Lanka for export are made from imported cloth. This is partly because of the restricted range of local products, but it is also caused by low quality.

Last year, industrial production rose by only about 4 per cent following 11 per cent in 1978. (These figures exclude processing of plantation crops, which has been virtually stagnant.)

A better performance should be recorded this year as both Greater Colombo Economic Commission and FIAC projects start coming on stream in large numbers. The last quarter should also see the start up of a major urea plant. This will raise industrial output and reduce fertiliser imports. But

whether it will do much good to the balance of payments remains to be seen as its feedstock will be high-value naphtha, a by-product of oil refining, which is currently being exported.

The urea case—which is sheer bad luck—shows how a small economy can be hurt by putting heavy resources into a single import substituting industry in the name of the siren call of self-sufficiency.

An industry which should have no such problems is cement and other construction materials. Cement demand now exceeds local supply and the State-owned cement industry is spending Rs600m to increase capacity. But additional investment will probably be needed soon and the Government says that the private sector will be allowed to compete with the State if it wants to.

So far money has not been much of a problem for industries wanting to expand. But it could become so as more private sector schemes move from the planning to implementation stage, as Government industries are forced to rely almost exclusively on the banking sector for their financial needs, and as the Government's own domestic borrowing requirements are boosted by major schemes.

The private sector has a big challenge ahead of it—to meet the task of both expanding manufactured exports and in-

creasing the supply and quality of wage goods and consumer durables for the domestic market. Apart from capital and enterprise it will also need know-how. To some extent that can come from joint ventures and licensing arrangements with foreign companies. But just as important are the skilled workers, technicians, and mechanics to operate the factories.

Sri Lanka possesses an adequate commercial and trading infrastructure. For foreign companies looking for joint ventures, the old plantation agency houses which survived by moving into new types of trade can provide steady and reasonably well managed partners and a modest amount of capital. But these houses are by definition managerial rather than entrepreneurial in orientation.

Though a few young industrial entrepreneurs have emerged, more are needed. Sri Lanka has set itself the hard task in industry of emulating South East Asia, of emulating a region where business is dominated by those masters of entrepreneurship, the overseas Chinese. The same entrepreneurs who rushed to Sri Lanka when the door was first opened, set up FIAC projects almost overnight, and used them to grab access to the tightly restricted European and U.S. garment markets.

P.B.

Major effort to speed up river diversion scheme

WORK ON the giant Mahaweli River diversion scheme is at a feverish pace as dam builders move ahead of the September rains and settlers shifting on to new land at the rate of 25 families a day, prepare for cultivation through the north-east monsoon.

The hurry is the result of the Government's 1977 election pledge to telescope five of the 11 major headworks, originally planned for completion over 30 years, into six. Urgency has increased as construction costs soar to more than double the estimates.

More jobs

Motivation in the largest development project ever attempted in Sri Lanka has been not only the need to create a basis for food and energy potential, but to alleviate unemployment. By 1983, work for 170,000 is expected to have been created in building jobs on the scheme.

In addition, the Mahaweli programme has the romantic dimension of being in part a reconstruction of sophisticated irrigation stems designed by kings 1,500 years ago. It is perhaps for this reason that the scheme has enjoyed the rare status of unbroken support from successive governments.

The original plan, mapped out by a United Nations/FAO team in 1968, envisaged the diversion of the Mahaweli Ganga and its tributaries at 12 points and the irrigation of 900,000 acres in the two-thirds of the country that is "dry zone."

Further to irrigation possibilities, the scheme is expected to provide plentiful hydro-electricity to permit accelerated industrialisation and economic growth.

When President Jayawardene undertook to complete five major reservoirs, he enjoyed remarkable success in attracting foreign aid interest to all the main components. But rocketing costs and pressure from aid agencies, some of which had underestimated their own

budgets, brought further re-phasing.

After a lengthy strategy study by the Dutch consultants, NEDECO, Victoria, Kotmale and Maduru Oya dams, along with associated downstream development, were identified for construction by the 1983-84 target. Work on the fourth, Randeniya, has been rolled back to a 1983 start and the Moragahakanda project deferred indefinitely.

The five are projected to generate 500-600MW of hydro-electricity and to irrigate 350,000 acres by 1985. Britain's £100m grant for Victoria dam, the cornerstone of the scheme, slipped through just before the axe fell on the Overseas Development Administration's budget and work started in February with Balfour Beatty and Nuttall the joint contractors.

Victoria's hydro-power potential is highest of the three at 780 giga watt hour (GWH) units a year and its irrigation possibilities stretch to 103,000 undeveloped acres in two downstream "systems."

Progress has been smoother there than at Kotmale, a project partly financed by Sweden. Just as machinery was set to move on to the site, geologists discovered faults in the bedrock and the dam was rescheduled to go up 300 yards downstream. With the foreign exchange costs of this dam far from covered its height is almost certainly to be revised, cutting generating capacity from the planned 200MW to 140MW.

Work on the Canadian-backed Maduru Oya reservoir, on the site of an ancient tank, is not due to start until November. This dam has been designed, initially at least, solely for irrigation.

In spite of the already large cuts in the Mahaweli programme to 1984, the foreign financing shortfall is estimated at \$300m, caused principally by cost escalation but also by aid commitments having preceded many of the feasibility studies. Kotmale accounts for almost two-thirds of the gap and donor

countries have been pressing for even further cuts. Such moves, however, are strenuously opposed by the Government.

At home, Mahaweli is competing for scarce public funds with the two other "lead projects," the Greater Colombo Economic Commission's free trade zones and the housing and urban development programme, including an extravagant new parliamentary complex. It is slated to take up 29 per cent of total public investment up to 1984 and it is still not clear how the foreign financing gap is to be closed.

Much allusion has been made to securing funds from OPEC and Kuwaiti aid agencies and signs are apparently hopeful after representation at official levels. But while both agencies have been extremely vocal, few if any solid commitments have been made anywhere, a reality Mr. Gamini Dissanayake, the Mahaweli Development Minister, reluctantly admits.

Overseas funds

As a much emphasised last resort, Sri Lanka is planning commercial borrowing overseas. While it would have no trouble raising funds in international capital markets, it is feared that the scale of borrowing required could quickly push the debt service ratio from the present 10 per cent of foreign exchange earnings to quite unmanageable proportions.

As an indication of how fast costs have been rising, it is pointed out that the \$29m Polgolla diversion, the first stage of the UN plan which was completed before the Jayawardene Government took power, would now cost \$100m.

The Polgolla project consists of a dam, a 40 mw power station and two tunnels, one of them five miles long, through to the 130 acres first colonised in what is called "H system," near the Kalawewa reservoir. With cropping through both north-east and south-west monsoons, the project capitalised itself in the first two years.

About 5,000 families have been settled so far in H system. Each farmer has been given three acres, two-and-a-half of them for cultivation. He has also been given tools, seeds, and easy-term loans from the rural bank. Schools, hospitals, town centres, training in cultivation practices, transport and many advisers have also been provided.

As construction progresses slowly on a subsidiary reservoir at Bowatenna, another 5,000 families from areas about to be flooded under the Kotmale and Victoria dams, are being moved in.

Consultants have warned against an over-rapid rate of settlement but the 25 families a day pace is a deliberate policy to galvanise the people into action; to put them on a "war footing."

This policy could quite easily backfire. With some of the downstream development postponed it is feared water may be lost for irrigation in flooded rivers, a circumstance which led to widespread discontent among colonists in earlier settlements and is believed to have contributed to the anger which erupted in the 1971 insurrection.

The first sign of changes in the settlement pattern are to be seen in the new acreage being developed in H system. Large sections have been handed over to Government management, with settlers as labourers, and pilot plots of sugar, coffee and cotton are bringing encouraging results.

Another move in the effort to promote better results is being effected by the newly established Mahaweli Economic Agency. The agency is charged with attracting entrepreneurs to ventures such as the establishment of tourist hotels near some of the more picturesque reservoirs and the stocking of others with fish. After much wrangling, however, the Ministry stopped short of handing over water and land management to the private sector.

Stephanie Gray



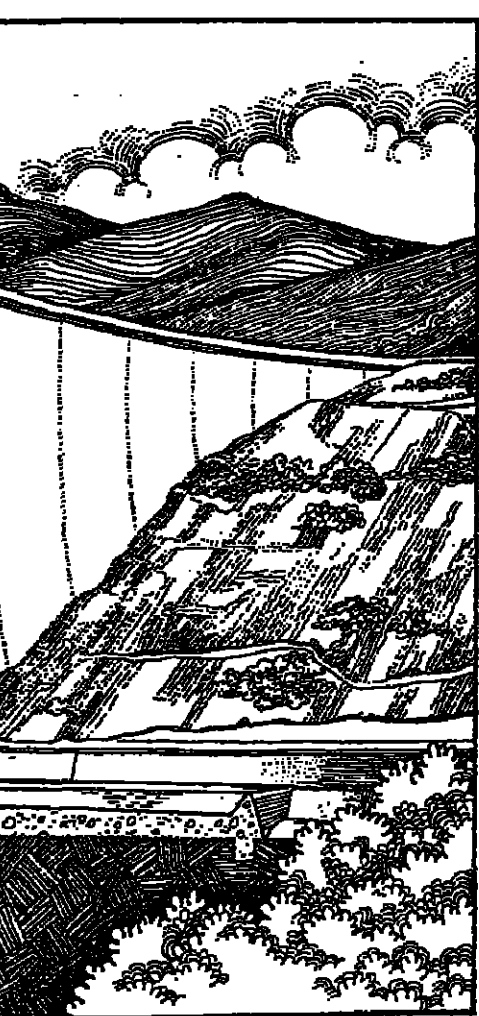
HATTON NATIONAL BANK

Your first link to business in Sri Lanka.

Your first trade link with Sri Lanka must be with a bank that is equipped to provide a complete service in international and domestic banking—Hatton National.

- * Corporate lending
- * Documentary credits
- * Project financing
- * Importation and exportation facilities
- * Correspondent banking
- * Foreign currency accounts

HATTON NATIONAL BANK LTD.
16, Janadhipathi Mawatha
P.O. Box 98, Colombo 1 Sri Lanka
Telephone: 21995
Telex: 21350 HATNACITY CE
21259 HATNABANK CBO
Cables: HATNABANK



Artist's impression showing a cross-section of the dam with water impounded.

The dam and tunnel for this huge project are being built by Edmund Nuttall Limited in joint venture with Balfour Beatty Construction Limited. Consultants for the work are Sir Alexander Gibb & Partners, in association with Preece Cardew & Rider and the Central Engineering Consultancy Bureau.

The double curvature arch dam will require 700,000 cubic metres of concrete and underground excavation for the shafts and tunnels will amount to 380,000 cubic metres.

The construction plant and materials' orders alone, placed in the U.K. by the Joint Venture, amount to £13m and emphasise the importance of the construction industry to British exporters.

With four generations of experience of large contracts, particularly hydro-electric, tunnelling and maritime works, Edmund Nuttall has the staff and resources for the successful completion of such projects wherever they are needed.

Victoria Dam and Hydro-Electric Project for the Mahaweli Authority of Sri Lanka

Edmund Nuttall

Edmund Nuttall Limited 22 Grosvenor Gardens London SW1W 0DR England. Tel 01-730 0036 Telex 917710 Cables Tunnelling London

INDOSUEZ

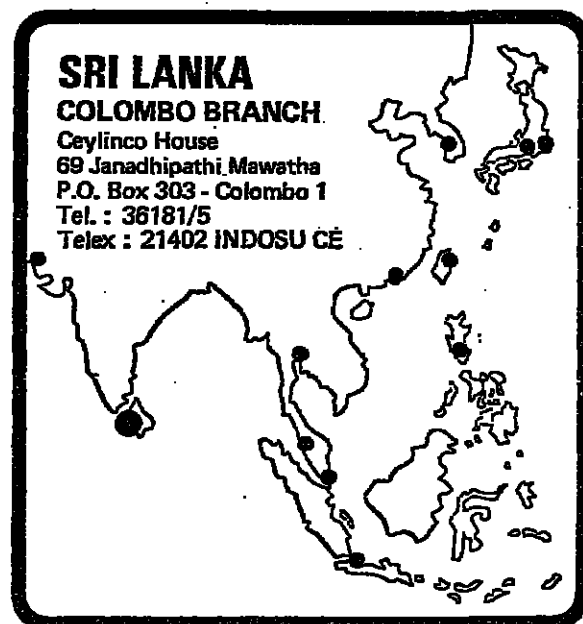
BANQUE DE L'INDOCHINE ET DE SUEZ

HEAD OFFICE: 96, boulevard Haussmann - 75008 Paris - Tel.: 266.20.20
CENTRAL OFFICE: 44, rue de Courcelles - 75008 Paris - Tel.: 766.52.12
Telex: INSU X 650409 F

ASIAN NETWORK
HONG KONG Hong Kong - INDONESIA Jakarta
JAPAN Tokyo, Osaka - MALAYSIA Kuala Lumpur.
PAKISTAN Karachi - PHILIPPINES Manila
SINGAPORE Singapore - SOUTH KOREA Seoul
SRI LANKA Colombo - THAILAND Bangkok

SRI LANKA COLOMBO BRANCH

Ceylinco House
69 Janadhipathi Mawatha
P.O. Box 303 - Colombo 1
Tel.: 36181/5
Telex: 21402 INDOSU CE



In Asia and the world, Indosuez stands for reliable Banking since 1875 financing Far East growth through an established international network.

BRANCHES, SUBSIDIARIES, REPRESENTATIVE OFFICES AND AFFILIATED BANKS

AUSTRALIA - SAUDI ARABIA - BELGIUM - BRAZIL
DJIBOUTI - FRANCE - FRENCH GUYANA - FRENCH
POLYNESIA - GERMANY - GIBRALTAR - GREAT
BRITAIN - GUADELOUPE - HONG KONG
INDONESIA - ITALY - JAPAN - LEBANON
LUXEMBOURG - MALAYSIA - MARTINIQUE
MOROCCO - NETHERLANDS - NEW CALEDONIA
NIGERIA - PAKISTAN - PHILIPPINES - REPUBLIC
OF VANUATU - REUNION - SAUDI ARABIA (B.S.F.)
SEYCHELLES - SINGAPORE - SOUTH AFRICA
(F.B.S.A.) - SOUTH KOREA - SPAIN - SRI LANKA
SWITZERLAND - TAIWAN - THAILAND - TURKEY
UNITED ARAB EMIRATES - UNITED STATES
VENEZUELA - WALLIS AND FUTUNA - YEMEN

MERCANTILE TOURS (CEYLON) LIMITED

• Experienced • Knowledgeable • Dependable

- * One of the largest & best Travel Agencies in Sri Lanka.
- * Fully equipped to handle individual tours, group tours and charters.
- * Knowledgeable & experienced Staff.

MERC handle ground arrangements for leading charter operators & are General Sales Agents for well known International Airlines & Car Rental services. They have their own fleet of luxury cars & air-conditioned coaches.

MERCANTILE TOURS (CEYLON) LIMITED.

23, York Arcade, Colombo 1, Sri Lanka.

Telephone: 28706-8
Telex: 21138 Vavalex Cable: "MERCANTOUR"

The word Ceylon is our promise.

You can be sure every pack bearing it contains superb Ceylon tea.

Tea lovingly grown, picked and selected on the Island of Sri Lanka.

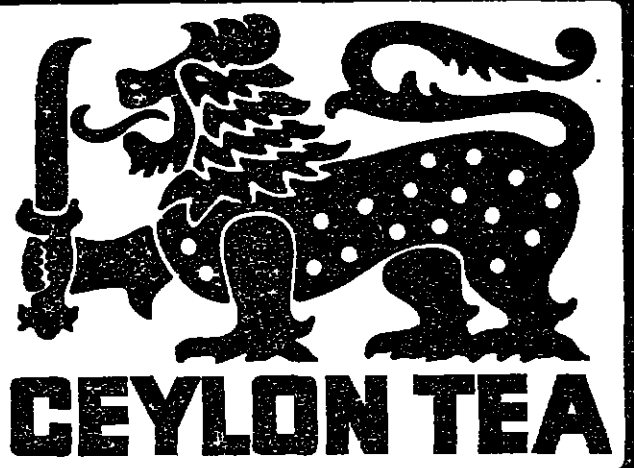
Light delicate and fragrant teas from the high regions.

Golden round-flavoured, rich teas from the midregions.

While the lower regions grow teas of deep colour and mellow flavour.

So next time you want fine teas look out for Ceylon.

You'll see we're as good as our word.



Bank of Ceylon glows with..

confidence..
trust..stability.

The oldest domestic Bank in Sri Lanka - Bank of Ceylon. With a network of over 550 branches at home: a London office and over 600 foreign correspondents. Long years of experience and international expertise. Comprehensive range of banking services to international investors and international multi-concerns.

Time and Demand Deposits in major foreign currencies.

Finance in designated foreign currencies and/or Sri Lanka rupees for fixed and working capital.

Import-Export finance.
Discounting of Bills and Acceptances.
International money transfers, clean payments, drafts, bills for collection, documentary credits and foreign exchange spot and forward.

Information on market opportunities and joint ventures.

Confidential status inquiries and reports.

Look in ... to find out possibilities.



BANK OF CEYLON

International Division
Colombo 1, Sri Lanka
Telex: Colombo 1331

Aldermanbury House
Aldermanbury Square
London EC 2V 7HR

Sri Lanka's Domestic Bank with International Expertise.

SRI LANKA VI

Big increase in rice production

LONG GONE are the days when Sri Lanka's traditionally agricultural economy provided enough to feed its population. In the ancient past, it even produced enough to be able to export cardamoms, cloves, cinnamon, nutmeg, pepper and rice.

Indeed, it is said to have been the whiff of spices that attracted the first Westerners to the island in the 16th century. Those early visitors were the Portuguese. But while they, and the Dutch invaders who followed, left the pattern of agriculture much as they found it, the advent of British colonialism in 1798 almost entirely eradicated the traditional crops in favour of massive tea and rubber plantations.

Now there are concerted moves to retrieve production, largely through intercropping on the present plantations with such items as coffee, cocoa, and spices, to bring much needed quick returns to an economy overburdened with long-gestation development projects.

Aside from these efforts, the most encouraging element of Sri Lanka's more recent history has been the spectacular growth of rice production.

The recovery of the peasant-owned paddy fields (which make up 30 per cent of the island's cultivable land) started in 1977 and followed more than seven years of stagnation. Principally

because of favourable weather and the first results of the giant Mahaweli irrigation scheme, production rocketed to \$80.4m bushels, a 34 per cent rise on the previous year's performance.

Aside from the good weather conditions, greater availability of fertiliser and institutional credit, and an enhanced guaranteed price for paddy of Rs40 a bushel (against Rs38), all contributed to another bumper harvest of 90.6m bushels in 1978.

Encouraged

Encouraged by the experience, efforts to raise production were intensified and a target of 96m bushels set for 1979.

Reduced intakes of fertiliser and adverse weather, however, kept last year's crop below the target at 92m bushels and, with drought having put paid to many of the hopes for the first season of 1980, prospects for further spurts are limited.

Although it is unlikely that this year's production will reach the 105m bushel target, a good October harvest could go some way towards evening output and it is possible that, next year, Sri Lanka may at last be able to halt its import orders.

Rice imports, however, are now costing Rs61 a bushel. Producer margins of paddy

cultivation at home have declined as a result of higher costs, and the conditions for obtaining credit for rice growing have been tightened, mainly because of the failure of many farmers to repay easy term loans.

Coupled with the general increase in the cost of living, the erosion of producer margins will reduce the resources available for reinvestment. With most paddy farmers operating on very small plots, production remains at subsistence levels and it is for this reason that experiments are being made in Government-managed tracts set aside for cotton, coffee and sugar-growing.

So encouraging have been the results from the latest trial plots of sugar that the crop may well overtake plans for rice on large areas of land in the north-east being developed for irrigation through the diversion of the Mahaweli River. Continuing problems of water mismanagement on the scale required, after such long neglect, would be beyond the means of most former planters. But complaints of political interference by his own men and allegations that some managers were stealing tea prompted President Jayawardene to take personal control of the sector. And, recognising that the basic problems remain unsolved, the Government prepared, with Canadian assistance, a master plan for the tea industry.

One of the report's principal conclusions dealt with the bewildering and growing array of institutions responsible for tea. Organisation, it said, was inadequate, with overlapping responsibilities, a lack of defined objectives, an inappropriate performance evaluation and reward system for industry personnel and, again, undue political interference in day-to-day operations.

In the light of these criticisms, it is surprising to see the establishment of eight regional organisations, though they were to have replaced the two State agencies controlling the industry — the Janatha Estates Development Board and the Ministry of Plantations Industries. The two departments, seen to be largely responsible for heavy operational losses, are still very much intact.

No plans, however, are being made to review the inappropriate rewards — mainly much-coveted new cars, for estate managers. Such perks, it is argued, are imperative if personnel are to be kept in isolated hill country stations in the absence of private sector wages.

Price support
Elsewhere, there have been more positive moves to take the situation in hand. Export duties have been reduced and price support measures introduced to ensure adequate producer margins. Such margins are essential if, as proposed, Rs2bn of the projected 1980-84 investment of Rs2.8bn is to be found from the industry's own funds.

The priorities of the Government's rehabilitation programme now include increased subsidies to promote replanting in the faster-growing VP (vegetative propagation) tea and more comprehensive infilling, improved fertiliser subsidies, diversification of uneconomic tea land into other crops, the modernisation of about 800 factories, construction of better shelter for estate workers and efforts to persuade more Sinhalese on to plantations to replace traditional Tamil labour, repatriated under an agreement with India.

Though it is early days yet, progress so far has been disappointing. Replanting subsidies, at a maximum Rs10,000 an acre, are still inadequate.

Of the 7,500 acre yearly target, only 1,360 acres were replanted in the first six months of the year.

Diversification efforts too have fallen far short of the mark. Work has yet to start on badly-needed housing schemes and, despite increased wages, most Sri Lankans are sceptical about the possibility of attracting any significant Sinhalese workforce to the plantations.

Added to the reluctance of Sinhalese to take on such arduous work is the task of persuading them to move from villages into isolated and seriously dilapidated lines—long dormitory-like buildings away from other communities. The problem is further complicated by the racial aspects. Sinhalese do not easily mix with the Tamil minority and, even if the policies were successful, they could

nise an adequate intake of cane.

Large scale State-managed cane plantations have been tried before, but Government policies of subsidising sugar prices have compounded the problems in the industry. As a result, after more than 20 years of effort, the country is able to produce only 8 per cent of its requirements.

The 26 per cent drop in production last year is put down to inadequate water supply and cyclone damage. Consequently, imports rose by almost 50 per cent to 241,449 metric tons, costing Rs 928m against the Rs 600m imports the previous year.

Clearly, import substitution prospects in sugar are considerable. The organisation of farmer settlements around a processing factory—as is done in India—would easily relieve the Sri Lanka Sugar Corporation of the apparently impossible task of setting up its own cultivation on a large scale. A realistic pricing policy would relieve the eternal conflict between rice and cane cultivation among the farmers and it appears that this is one field where policy changes could evoke a quick production response without having to wait for large scale capital investment.

One of the areas receiving increasing attention from the Government is the fishing in-

dustry, which despite the destruction of part of its fleet in the November, 1978 cyclone, estimates last year's production at 170,554 tons, a 9 per cent increase over the previous year. Liberalised imports of fishing gear and motors, vastly improved prices were more than likely responsible for this improvement.

The Government plans to double fish production over the next five years. To this end, an investment of Rs 1.2bn, including a foreign exchange component of Rs 780m has been allocated for subsidies on the purchase of craft, harbour construction, processing and research.

Dairy products

Continued attempts to boost dairy production, however, are still meeting with failure. Last year's output, estimated at 188m litres, showed a drop of 7 per cent and milk imports rose to Rs 479m.

The poor performance of the 1970s does not seem to have been reversed, despite the creation of a Ministry of Rural Industrial Development in 1978 to produce impetus to livestock development.

The main problem continues to be the reduced availability and high prices of concentrates feeds and an investment programme costing Rs 398.4m over the 1980-84 period has been drawn up aimed at developing feed resources, strengthening dairy farms and providing marketing support.

Egg production fared much better last year, registering a 30 per cent increase to 432m eggs. Higher demand for eggs

arising from increased prices of meat and fish are more than likely responsible for the increase.

Although complete figures are not available for production of minor food crops, a further decline is likely to follow the sharp deterioration in 1978, mainly due, again, to unfavourable weather. The fall was most pronounced in maize, kurakkan, chillies, manioc and sweet potatoe output.

Inadequate marketing and storage and the high cost of fertiliser have traditionally discouraged minor food production in Sri Lanka but the main factor in the more recent decline appears to be the government's pricing policy on food items. Heavy subsidisation of flour and rice, and sporadic imports under "buffer stock schemes" appear to have depressed prices.

Under incentives offered for higher production the traditional but long-neglected "minor export crops" have been showing signs of revival. Though reliable information is not available, mainly because plantations are small and scattered among the estates, it appears exports can be taken as an indicator of the trends.

Higher exports of cinnamon, cloves, coffee, mace and cardamom were recorded last year. Good prices fetched by these products, combined with better subsidy payments would have contributed to this rise and, as a result of the more favourable outlook, new planting and replanting has more than doubled.

S.G.

CONSOLEXP

THE SRI LANKA STATE
TRADING CORPORATION

(Consolidated Exports)

Is your best partner for

JOINT VENTURES IN

THE FREE TRADE ZONE

- ★ Experience in exporting.
- ★ Trade contacts all over the world
- ★ Security of a State Sponsored Organisation
- ★ Availability of resources in FTZ
- ★ Experienced management
- ★ Turnover US\$51m in 1978
- ★ Research facilities for feasibility studies

68/70 York St., Colombo 1

Phone: 26981 Cable: Consolexpo

Telex: 21164—Answer Back—CONSOLEX CE

21280—Answer Back—CONSOLEX CE

21367—Answer Back—TYE CON

A Heritage
of Unparalleled Service
for over a Century.

BROWNS GROUP

ENGINEERING - Civil, Mechanical,
Electrical, Marine, Air-Conditioning &
Refrigeration, Telecommunication and Motor

AGRICULTURE

INDUSTRIES

MARKETING

HOTELIERING

TOURISM

TRANSPORT

FINANCE

THE BROWNS GROUP
OF COMPANIES

481, Darley Road, Colombo 10, Sri Lanka

Telegrams: Metal' Phones: 91771-9

Telex 21111 'Metal' Colombo

Fly non-stop to Ceylon with Wings and save 4 hours.

This Winter, we'll be operating the only non-stop flights from the UK to Ceylon. So we'll get you from Gatwick or Manchester to those unspoilt white beaches faster. You'll fly in wide-bodied Laker jets, with full in-flight service.

We've made great deals with Ceylon's top hotels, too, including a £90 child discount. We get you there faster at the best possible price because of

2 Weeks (Half Board) from £380.

Wings Ceylon experience—we operated the first-ever UK charter tours there.

Book your Wings Ceylon holiday now at your travel agent or ring TELEDATA on 01-200 0200.

Wings

CEYLON AND ALL THE CARE IN THE WORLD.

කළු පැහැති

Impressive potential for tourism

SRI LANKA is a sparkling island of deserted white beaches, exotic hill stations, ancient temples and capitals of kings, sapphires and amethysts, peacocks and elephants. With the extra delights of its cheerful people and perpetual sunshine, it well deserves the title, 'Serendib', and its virtues have not been lost on the ever-increasing thousands of visitors who flock to its shores each year.

Legend has it that the charms of Sri Lanka even captivated King Solomon. Nowadays, a determined promotion campaign in Europe and a general shift by Western tourists to Third World destinations, have conspired to make tourism the country's fastest growing industry. The campaign has brought tourism up the league table to become the number four foreign exchange earner.

While the traditional mainstays of the economy have remained in the doldrums, the tourist trade has registered a 20 per cent yearly growth rate. The increase in visitors—from 85,000 in 1974 to last year's 250,000—have pushed earnings from Rs 107m (\$18.4m) to a more than respectable Rs 1.2bn.

Last year's coconut exports—at Rs 1.4bn—only just beat it to third place, after tea and rubber. This year is likely to attract 300,000 visitors and profits exceeding Rs 2bn. By the end of the 1979-84 Five-Year Plan, tourists are set to match the half million population of metropolitan Colombo and bring in more than Rs 3bn.

Such encouraging results are about to put tourism near the top of the Government's list of development priorities, especially as it is, to a degree, expected to soften the blows of deteriorating terms of trade. If the performance is to be continued, it must be hoped the Ceylon Tourist Board will keep control. There is evidence in other areas, including tea, that

the overblown apparatus of the State is starting to become unmanageable, and the board's success so far is largely because it has been left to its own devices.

Indeed, so successful has its campaign been that arrivals are far outstripping the estimates and the most immediate challenge is in providing enough accommodation, especially in the capital.

It will be several years before the Taj, the Hilton and the Sheraton change the city's skyline. In the meantime, a combination of pressing demands by other development schemes on the construction industry and the limited number of local private investors sinking large sums into long-term projects, has resulted in such a shortage of hotels that Colombo residents have been offered incentives to take in paying guests.

The impressive new Oberoi and Continental hotels are each expanding by 200 rooms. And the gracious Galle Face, once the preserve of British tea planters, is bringing a neglected wing into service to help meet the demand.

The elegant old hotel, with the Indian Ocean on its doorstep and a wide green stretching out along the sea front, is about to see some serious competition. Just across the road, the Tourist Board offices, the Ministry of Fisheries, military football ground and an old Dutch school are about to make way for the luxurious 500-room Taj, likely to cost at least Rs500m.

Other projects

By December, work is expected to have started on the Rs450m Sheraton next door to the Taj, on the site of a failed imitation of Singapore's night bazaar. Construction of a 200-room Ramada Inn, at a cost of Rs20m, is to start in the middle of next year at Kotte, three miles north of the city, near the President's planned



Tourists taking elephant rides at Kandy

parliamentary and capital complex, which will be called Sri Jayawardenapura.

The starting dates for the 750-room Hilton depend very much on who you speak to, as do estimates of its cost. If it is built, it will be with Arab capital and as part of the Echelon Square town centre complex planned by the Urban Development Authority.

Cost estimates, based on 1979 prices, are likely to prove as optimistic as those for participation by local private investors. Among the incentives, the five-year 'tax holidays' have been increased to 10 years and, with import trading expected to peak soon, more local residents are likely to take up the opportunities.

To ensure that the plans become reality, however, the

foreign to local holdings ratio has been revised several times to the stage where 100 per cent foreign shares are now permitted on the condition that, eventually, 51 per cent must be made available to Sri Lankan ownership. Policies, it is emphasised, are to remain flexible.

Concessions for extensions to smaller hotels outside Colombo appear to have been more persuasive and, as few of the tourists spent any length of time in the capital, work is being stepped up in the West Coast resorts in preparation for the October season. A quicker pace is all the more urgent in view of the failure, by a long shot, to meet last year's target of 1,400 new rooms—of which only 500 materialised.

Most of the hotels' patrons are 'package tourists' from

Europe. They stay two or three weeks, spending half the time on the beaches and half in the hill country and ancient cities. Of the Europeans, West Germans, long-time fans of Sri Lanka, still make up the dominant group, France and Italy are other traditional markets.

But with the fortnightly Laker flights, which started last month, many more pale British bodies are starting to turn up beside the swimming pools.

Traffic from India has also been on the increase, especially since President Jayawardene liberalised import controls—most of the Indian visitors are apparently on shopping trips for such items as electrical goods and imported fabrics, which are restricted at home.

But the main attraction for the large numbers of Japanese are the gem mines.

There is a general feeling that package tourists just don't part with enough of their cash in Sri Lanka, and the move is on to attract more individual—and richer—travellers, perhaps to particular activities. Certainly, there is a good variety of likely pursuits to be tapped, most of them within three or four hours of Colombo.

Students of Buddhism, rock climbers and archaeology buffs are expected to increase in number as the world trend shifts towards more active holidays.

The range of possible holiday hobbies is almost matched by that of the types of accommodation, from star class hotels at Rs1,000 a night, and then down the scale through guest houses and rest houses to tiny shacks perched on the beach, at Rs100. In the immediate future, however, package tours are likely to remain the basis of the industry which has created about 40,000 much-needed jobs.

Nearly 2,000 of those jobs are the result of the creation last year of the national airline, Air Lanka.

The task of rebuilding an airline (out of the former Air

Ceylon) is a long and arduous one, and largely the responsibility of the 70 staff seconded from Singapore Airlines. When they started, they were battling Air Ceylon's reputation in such areas as credit-worthiness, management and grounded aircraft.

After only a year in operation, routes have been set up to eight Asian, four European and five Middle East airports. Offices have been acquired in seven cities. One TriStar has been leased and two more ordered for delivery in 1982. Katunayake airport is now able to handle all 26 operators, and passenger figures are rising by a third each month.

A time of fierce competition between the world's airlines is not the most opportune moment to break into the business. Higher fuel costs, landing fees and inflation are but a few of the problems. 'It's been tough all the way through,' commented one Singaporean expatriate. 'But we've proven now that we're viable.'

Viable, but heavily protected against 'poachers.' Air Lanka has a tight agreement with Laker that prohibits the sale of any Laker tickets in Sri Lanka. But black market trading in its own tickets is said to be going on, as with prices in Singapore tickets are much cheaper than they are in Colombo. In spite of recently increased fares, however, Air Lanka's losses are estimated at about Rs102m.

With Singapore Airlines' expertise and much improved infrastructure, further route expansion and what is to be South East Asia's first computer reservation system, the future looks as promising for Air Lanka as it does for tourism generally.

'Serendib—An Arabic name for the island of Sri Lanka. From this name, the English word of letters, Horace Walpole, invented the word serendipity: the making of pleasant discoveries by chance.'

S.G.

Where the world meets

Mystery on the Nile?



It wasn't really a mystery. At least what famous actor and novelist David Niven was doing on the Nile. He was actually part of an international cast of stars who were guests of the Aswan Channel during the filming of Agatha Christie's thriller, 'Death on the Nile'. With the exclusive Oberoi care he received, one star, Mr. Niven, quite enjoyed every minute of both the filming and his stay.

Colombo's Great Hotel

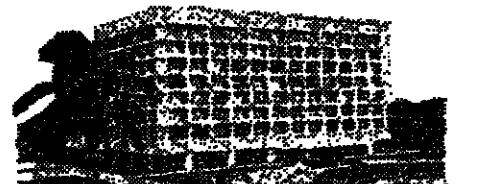
Great, blue and orange, Sri Lanka is one place where you can relax, let yourself go. And on the island of serendipity, capturing the flower and greenery of Sri Lanka is the golden hotel of Colombo—the Lanka Oberoi.

The 400-room hotel overlooks the sea and city, and offers all the facilities you would expect of a 5-star deluxe hotel. A roof top night club. A garden club. The London golf with its scenic golf course. A discotheque. A coffee shop. A pub. Health Club. And a swimming pool designed like the tropical beach.

Facilities for businessmen include a convention hall which can accommodate up to 700, projection equipment, secretarial services, car rental and a travel agency.

A favourite haunt in Colombo, the Lanka Oberoi ranks among the finest hotels in Asia. Come in and we'll give you the island in 5-star luxury.

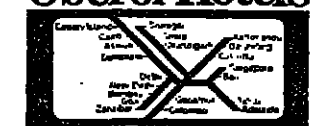
Hotel Lanka Oberoi
77 Seaven Place, Colombo 3, Sri Lanka.
Manager: Stefan Pfeiffer



For over fifty years, the world Oberoi has set a subtle blend of tradition, luxury and hospitality. The Oberoi world today is unparalleled for setting new standards of excellence and impeccable service. Oberoi—it's the one word that says "We look after you better".

For Reservations, contact your Travel Agent or Overseas Representation International.
London: Phone: 488-3333 Telex: 264333 Tokyo: Phone: 215-4141
Telex: 244888 New York: Phone: 212-841-1117
Telex: 147766 & 147177

Oberoi Hotels



We look after you better



The largest known sapphire

The largest known sapphire in the world—the 42 pound, 400 carat Blue Giant of the Orient was found in the pregnant gravels of Sri Lanka. So are many other stones of perennial value. Today the State Gem Corporation, while continuing to attract the great gem buying markets of the world—not only give you valuable stones, but also stones set to jewellery in both traditional and modern motifs.

STATE GEM CORPORATION

26, Galle Face Terrace, Colombo 3, Sri Lanka,
24 York Street, Colombo 1, Sri Lanka,
Telex 21335 Colombo.

Opposition wins important gains

ALTHOUGH THE opposition-controlled unions suffered the most disastrous defeat in the turbulent history of Sri Lankan labour, the events both before and after the general strike represent significant gains for the opposition as a whole, and for some of the parties individually.

The July 18 strike, which came just as the UNP reached the midway mark in its six-year Parliamentary term, was the first serious confrontation with organised labour.

Since the unions have always been creatures of the political parties, particularly of the Left, the trial of strength was inescapably political. Predictably, the State-owned Press and radio presented the strike, and the subsequent antagonisms which turned violent in Colombo, as "an attempt to topple the Government" . . . "a plot to disrupt the development programme" and "a conspiracy to scare away investors."

While supporters of the Right-wing UNP rejoiced over the electoral annihilation of all the Left parties, President Jayawardene seasoned in opposition politics gave public expression to his own anxieties. Nothing that his Government faced a weak opposition, he specially regretted the exit of the veteran leaders of the socialist LSSP, Dr. N. M. Perera and Dr. Colvin de Silva, both ministers in Mrs. Bandaranaike's United Front Cabinet.

Old friends

It was not just the absence of old friends which saddened Mr. Jayawardene. Despite their Marxist origins and occasional recourse to revolutionary rhetoric, the leaders of the traditional Left were all proper parliamentarians, a condition which young radicals in their ranks and an emerging "new" Left regarded as ideological decadence, if not treachery. For the first time in 40 years, the Left had no spokesman in Parliament. Would the old soldiers be tempted into extra-parliamentary battles?

The Left leaders may have lost their seats, but they had retained much of their influence over the unions whose bosses were invariably drawn from trusted party cadres. A Government which had embarked on economic policies which involved the withdrawal of food subsidies and rapidly rising prices that hit the wage earner hardest had good reason to be worried about labour.

New labour laws to control the unions and make strikes virtually impossible, together with university "reorganisation" were pre-emptive blows on potential sources of unrest. The "atomisation" of the university has not prevented trouble on the widely spread out campuses but such unrest has been contained. Not so the unions which in July defied the emergency.

In the wake of the August 8 violence in Colombo, one of the first to be arrested was Dr. Colvin de Silva who took command of his party on the death

of Dr. Perera, last year. An old school chum of President Jayawardene, he was released after nine hours. Also questioned was another ex-Minister of the Socialist Party, Mr. Anil Moonesinghe.

The lure of extra-parliamentary action was made stronger by the steady barrage on the traditional Left by new Marxist groups, particularly the People's Liberation Front (JVP) which launched the youth insurrection of 1971. Its leader, Mr. Rohana Wijeweera, pours a venomous scorn on the veterans of the old Left who, he says, suffer from "senile decay."

Mr. Wijeweera, in any case, harbours a visceral hatred of these Left leaders who, as Mrs. Bandaranaike's coalition partners, participated in the harsh repression of 1971.

The Castro-type Wijeweera has a charismatic appeal far lower-middle class youth, especially the village-educated, as his stunningly impressive May Day procession proved. He has been working hard to build a trade union base.

However, he has his own predicament. Besides the fact that his party was made legal and he himself released from jail by the present Government, Mr. Wijeweera cannot take on too many enemies. His youth gives him time, and time determines his tactics.

His main enemies are the Bandaranaike family and the traditional Left. The eclipse of the traditional Left would allow him the opening he needs to become the sole leftist force in the country. As for Mrs. Bandaranaike, he knows that if ever she returns to power she will go for the JVP with great severity.

Consequently, Mr. Wijeweera cannot be too hostile to the UNP. But if trade unionism means anything today it means anti-Government activity. His "double game" has been exposed by the SLFP, the Socialists and even by the pro-Moscow Communists, with whom he was quite friendly at one time because of his pro-Cuba, pro-Vietnam views. The unions have attacked him for his muted criticism of successive UNP budgets which have "heaped burdens on the shoulders of the working class."

Early this year, Mr. Wijeweera married the sister of the dynamic young president of the Ceylon Teachers' Union, the only union to admit to close links with his JVP. Last week, his brother-in-law denounced Wijeweera for his party's "neutral" role in the recent battles.

Kicked out of parliament, the Left, both old and new, must work outside it—at least, for the time being. Any Left hopes of returning to Parliament in 1983 must lie in a restoration of the Tripartite Alliance of 1970. The United Front Troika (the SLFP), the Socialists and pro-Moscow communists) collapsed in 1975 when Mrs. Bandaranaike expelled the Socialists. The Communists left on their own two years later.

Any electoral calculations

must recommend such an alliance even more strongly, in view of the proposed PR system, with its high cut-off point.

Whatever the past bitterness, the Left must swallow its pride for it cannot "go it alone." It was massacred at the municipal elections in Colombo, once a red fortress. The Socialists were placed fourth, (the JUP came third) at a bye-election in the south, also a leftist stronghold in the days of glory.

If the Left won few votes and no seats, the SLFP won a sizeable vote, nearly 2m, but few seats. Under the proposed PR, it should have had a third of the total of 165.

Today, it has only seven MPs. This makes the separatist Tamil United Liberation Front (TULF) the main opposition party, with 15 seats, and its leader, Mr. Amirthalingam, rather than Mrs. Bandaranaike, the opposition leader.

Democratic aims

Furthermore, Mrs. Bandaranaike spent most of her time on party reorganisation. Responding to the criticism that the party was too family-dominated and she herself given to dynastic ambitions, Mrs. Bandaranaike tried to make the SLFP more democratic. But it had to be done in a way which ensured her own effective control in case the worst happened

and she lost her civic rights. The party has wide support from the rural middle class, is essentially soft and flabby in opposition and needs the trade union muscle of the left.

With the "new" Left attacking the old and the old Left in turn having bitter memories of association with the SLFP, the Government had the rare advantage of a badly divided opposition. The UNP ideological foe is the Left, but its main electoral challenger is the SLFP.

The economic situation, manifesting itself chiefly through trade union pressures, have begun to change the broad opposition picture. In March, a trade union convention, attended by over 30 major unions, announced 23 demands ranging from pay rises, the restoration of subsidies and controlled prices to the removal of "undemocratic" laws.

On May Day, five parties held a joint rally, presided over by

Mrs. Bandaranaike. The Socialists were present along with other Marxist organisations.

The most interesting participant was the TULF. Did this mean that the separatist TULF was joining the opposition mainstream? By an 82 to 15 vote at the end of a tense 18-hour debate the TULF decided to support the District Development Council Bill, an experiment in devolution.

Outside the conference hall, Tamil youths demonstrated against their leaders. The SLFP opposed it in Parliament.

Answering his critics, the TULF leader said that the new law will help relieve the economic neglect of the Tamil areas. The economic situation was bound to govern the political tactics of the opposition parties and their zig-zagging search for unity.

Mervyn da Silva

Bank on Grindlays

in the Middle East

We have one of the largest networks of any international bank in the Middle East with branches serving Bahrain, Jordan, Oman, Pakistan, Qatar and each of the United Arab Emirates. With a background of over 50 years experience of doing business in the region we are very much involved in the development of the Area.

Whether you are looking for Bid, Performance and other construction and supply Bonds and Guarantees, Foreign Exchange, Money Market Services, Specialist Lending, or simply contacts you can bank on Grindlays to help you in the Middle East.



Above: Jordan—The group issued advance payment guarantees and performance bonds and provided local working capital for contracts awarded by Jordan Fertilizer Industries of Amman to Ed. Zublin AG of Duisburg for construction work on a fertilizer plant and a loading jetty at Aqaba port.

Below: Grindlays Bank branch in Bahrain.

Grindlays Bank Group

23 Fenchurch Street, London EC3P 3ED.

Office of the Regional Director, Middle East, Grindlays Bank Limited, P.O. Box 5793 Manama, Bahrain. Tel: 259641 Telex: 21209 MINEVA

Branches or offices in—

AUSTRALIA AUSTRIA BAHRAIN BANGLADESH CANADA COLOMBIA CYPRUS ENGLAND FRANCE GERMANY GHANA GREECE HONG KONG INDIA INDONESIA IRAN JAPAN JERSEY JORDAN KENYA REPUBLIC OF KOREA MALAYSIA MEXICO MONACO OMAN PAKISTAN QATAR SCOTLAND SINGAPORE SPAIN SRI LANKA SWITZERLAND TAIWAN UGANDA UNITED ARAB EMIRATES UNITED STATES OF AMERICA ZAMBIA ZIMBABWE

SRI LANKA VIII

More militancy among the Tamil minority

NOTHING SO frustrates a government going all out to attract foreign manufacturers than a spate of contrary propaganda claiming oppression and discrimination and suggesting that the nation is more ripe for revolution than for investment.

Sri Lanka has been facing this difficulty in regard to its Tamil minority. The Tamil "problem" is as old as any ethnic/linguistic minority problem. But, perhaps because of heightened receptivity in Western Europe and the United States to minority rights and related issues, disgruntled expatriate Tamils have been achieving widespread publicity in the West for their claims of oppression and inequality and their demands for a separate Tamil state—Eelam.

The Tamil "freedom" cause has received recognition in at least one state of the U.S. and Tamils in France and West Germany have successfully applied for political asylum. Applications have been made in Britain too, but so far without success.

There is at least a grain of truth in Government claims that political asylum requests have been made as a way of securing permits in residence in the West. But whatever some motivation, such actions have helped to air the Tamil issue outside Sri Lanka.

Heightened awareness is partly a response to developments in Sri Lanka itself, notably communal riots just after the 1977 elections, and killings in the Tamil dominated Northern Province last year when several policemen and Tamil youths were killed. The Government declared a state of emergency in the area.

However, it would be wrong to see the Tamil question generally worsening. On the one hand it is clear that militancy among certain Tamils, particularly unemployed youth, has increased. And the Tamil United Liberation Front (TULF) which since the virtual annihilation of the SFLP in the 1977 election, has been the official parliamentary opposition, remains committed to the dismemberment of Sri Lanka and the establishment of Eelam.

But it is also the case that the UNP Government has been successful in luring away some former TULF supporters and has taken some steps towards alleviating, at least in theory, some Tamil grievances. The

UNP is a less specifically Sinhala-Buddhist-based party than the SFLP and the economic policies of the UNP accord more closely with the interests of the large Tamil commercial and professional middle class. Meanwhile, the TULF, despite its militant title, is essentially conservative, encompassing a broad spectrum of Tamil opinion. For many of its members, Eelam is an ideal rather than a practical proposition.

A hope for the future is that the new constitution and voting system will give Tamils more influence at the national level. The TULF will not admit this as a possibility and the UNP has no intention of drawing the attention of the Sinhala majority to a move which might help Tamils.

Strong influence

But the preference vote built into the Presidential election system will, assuming a close contest, give strong influence to a floating minority, and if the proportional representation system for parliament results in a more finely-balanced situation than the winner-take-all Westminster system, the block of Tamil MPs may need to be won by the Sinhala parties.

The Tamil question has various facets which cannot readily be summed up in slogans. Different sections have different grievances and interests.

Tamils make up some 20 per cent of the population of Sri Lanka. But they are divided into two communities, the so-called Sri Lanka Tamils who have been there for thousands of years, and are about 11 per cent of the total population, and the so-called Indian or Estate Tamils who were brought in by the British to cultivate tea and other plantations. They constitute about 9 per cent.

But the community is also divided by geography. The Indian Tamils mostly live on an island existence in the tea country surrounded by Kandyan Sinhalese. Many are not citizens and are unfranchised. The majority of Sri Lanka Tamils live in a defined area in the north, centred on Jaffna, where they easily form the majority of the population. This is the group for whom separatism has most appeal.

There are, however, two other very important categories of Sri Lanka Tamils. These, particularly in the Eastern Province,

who live in mixed areas where Tamils are the largest single group but not necessarily the majority. This group takes an accommodating stance. Perhaps most significant are the 300,000-400,000 who live in and among the Sinhala majority, particularly in Colombo. They may be doctors, merchants, Government clerks or train drivers. They are influential and they have most to lose by a heightening of communal tensions and the Sinhala backlash that could result from too militant a pursuit by Jaffna Tamils of Eelam.

The most seriously disadvantaged Tamils are the Indians, who have been more concerned with specific issues, notably citizenship, wages and education than with broader Tamil problems. It is to President Jayawardene's credit that he has succeeded in bringing into Cabinet the Indian Tamil leader Mr. S. Thondaman, head of their largest union, the Ceylon Workers' Congress.

One significant advance has been the bringing of all plantation schools into the State system and reducing the estate workers' educational handicaps. Wages have increased and at least have ceased to fall further behind the national average. But casual observation suggests the tea workers' condition is still closer to the abject poverty of much of India than to the more genteel version of most of rural Sri Lanka.

Discrimination on the basis of difference between citizens by birth and citizens by registration has been removed. All citizens now have the vote. But the eventual citizenship status of many Indian Tamils remains unclear. Under an agreement with India in the mid 60s, India would take back 600,000 stateless Tamils out of an estimated 875,000 at that time. Sri Lankan citizenship would be conferred on those remaining in the ratio of four citizenships for every seven returns. The solution was expected to take 15 years to implement.

However, only about 300,000 have gone so far. Some 35,000 a year are still leaving. But not only do numbers increase naturally as time goes by. So too does a reluctance to return to an India of which many know little, where they have no land, no roots and few job prospects. Life in the tea estates may be hard, but for many, Sri Lanka holds more promise than an unknown India.

There is no compulsion to

return and a point is approaching where the flow may dry up, leaving a large stateless lump.

More general grievances of Tamils are of discrimination against them in educational opportunities, public sector jobs, and language. Furthermore, they accuse the Government of using development schemes to colonise Tamil areas with Sinhalese, and of starving Tamil areas of development projects. There can be no argument that significant discrimination does exist in some fields. But in part it is of the "natural" kind that majorities everywhere accord to minorities and which, as the U.S. has discovered, is singularly hard to eliminate even with a panoply of equal rights legislation.

Viewpoints

But there is also conscious official policy of discriminating in favour of Sinhalese, notably in entry to university and Government service. Tamils simply see this as discrimination against themselves. It is similar to the situations in Malaysia, where policies are aimed to advance the hitherto relatively backward Malay majority, or in the U.S. where supposedly disadvantaged minorities are accorded "positive" discrimination.

In Sri Lanka the Government can produce plenty of statistics to show that Tamils get more than their "fair" (as a percentage of population) share of admissions to sort-after university facilities such as medicine or to certain well paid jobs.

The Tamils can equally well show that before discriminatory entry requirements were introduced, their entry percentage was higher and would still be so but for the higher standards demanded of Tamils.

The Tamil-Sinhala question will remain a difficult and perhaps occasionally disturbing one for Sri Lanka. But the continued existence of liberal and democratic institutions provide outlets for, and some amelioration of, grievances. Sri Lanka is essentially an open, tolerant, plural society. Tamils are the largest minority, but they are not the only one in this small but diverse society in which four religions, several racial groups, two languages—not to mention numerous castes—mix and overlap in a multitude of combinations.

P.B.

The State Timber Corporation is a government organisation that in recent years has made a significant and meaningful contribution to Sri Lanka's economic development. As the country's leading supplier of timber for the vast expanding building and construction industry, the Corporation extends a sincere welcome to all investors. We offer a consultancy and marketing service in timber which you will find to be competent as it is prompt.

State Timber Corporation
7 Vajra Lane, Colombo 5, SRI LANKA
Cables: Dewasanthra

Get Together with the Largest Finance Company in Sri Lanka

We'd be interested in talking business with you!

As the largest and strongest Finance Company, we have made careful assessment of the investment opportunities available in Sri Lanka and shall be happy to advise you on where to put your money.

We are also in a position to promote joint ventures and arrange for suitable local partners.

We have several subsidiary companies doing business in the following fields:-

- BUILDING CONSTRUCTION
- ENGINEERING SERVICES
- HOTEL SERVICES
- IMPORT/EXPORT
- INSURANCE
- GEMS AND JEWELLERY
- TRAVEL AND TOURISM

We shall be happy to put you in touch with any of these companies.

A TELETYPE IS ALL THAT IS NEEDED TO PUT US TOGETHER.

MERCANTILE CREDIT LIMITED
51-53, Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Cable: MERCREDIT COLOMBO Telex: 21138 VAFALEX COLOMBO

One Of The Largest EXPORTERS Of

- BLUE SAPPHIRES
- CATSEYES
- ALEXANDRITES
- RUBIES
- AMETHYSTS
- GARNETS
- SPINELS, ZIRCONS

& other gemstones for which Sri Lanka is famous.

Genuine Gems (Ceylon) Ltd.
51-53, Janadhipathi Mawatha, Colombo 1, Sri Lanka
Cables: "GENUGEMS" COLOMBO
TELEX: 21138 VAFALEX, COLOMBO.

A name that carries weight in imports manufacture & construction
HUNTER & COMPANY LIMITED
Importers & Distributors of Industrial & Agricultural Equipment, Bicycles, Household-Ware Etc. for Over 75 Years.

Agents for leading manufacturers in the U.K. & other parts of the world. Pioneers in the manufacture of bicycles in Sri Lanka. We invite offers from manufacturers interested in the export of their products to Sri Lanka & those seeking investment opportunities in Sri Lanka.

WE ARE NOW THROUGH LILLEY MORAPANA LIMITED, IN JOINT VENTURE WITH A MAJOR BRITISH CIVIL ENGINEERING COMPANY CARRYING OUT CONTRACTS CONNECTED WITH VITAL DEVELOPMENT PROJECTS OF THE SRI LANKA GOVERNMENT.

HUNTER & COMPANY LIMITED,
130, Front Street, Colombo 11, Sri Lanka.
Telephone 28171-5.

At the apex of the export trade, for nearly a century
HEATH & COMPANY (CEYLON) LIMITED

Almost as old as the Tea Industry in Sri Lanka, we are one of the largest exporters of tea in bulk, cartons, packets & bags.

We are also shippers of desiccated coconut, spices & handicrafts to buyers in almost every part of the world.

If you are looking for a Company with a background of experience & a reputation for excellence you'll find we measure up to your expectations.

Get in touch with us at

HEATH & COMPANY (CEYLON) LIMITED,
33, Park Street, Colombo 2, Sri Lanka.
Telephone: 22203-5 Telex: 21107



கனம் அங்கு

கனம் அங்கு

Samuel, Sons & Company Ltd.
ENGINEERS, CONSTRUCTORS,
MANUFACTURERS AND MERCHANTS
OF SRI LANKA

Johnston Construction Ltd.
INTERNATIONAL CIVIL ENGINEERING
AND BUILDING CONTRACTORS
OF SURREY, U.K.
are pleased to announce the formation
of their new Joint Venture Company

Samuel Johnston Limited.

The new Company will combine the considerable experience and resources of the two Parent Companies in Engineering Construction and will enter with confidence into the fields of Water Supply and Sewerage Schemes - Factory and Warehouse Construction - Roads - Bridges - Tunnels - Airports etc. Samuel Johnston Ltd., looks forward with enthusiasm to the prospect of active participation in Sri Lanka's future development programmes.

Samuel, Sons & Co. Ltd.,
P.O. Box 46, Colombo
Sri Lanka.
Tel. 22341 (4 lines)
Telex: 21261 ECHRON CE

Johnston Construction Ltd.,
Johnston House, Redhill
Surrey RH1 1BG, U.K.
Tel. Reigate 42468 (20 lines)
Telex: London 27841

Grant K & E

In good company.

'Mikechris'... a dynamic, resourceful group of companies with a planned programme of growth... Good people to know... to do business with... to depend on. With any one of us... you're in good company.

THE MIKECHRIS COMPANY LIMITED

Investments and Management Services, General Trading and Manufacturing.

REGENCY GARMENTS LIMITED

Manufacturers of shirts and slacks under license from The Phillips Van Heusen Corp., U.S.A.

CEYLON PAPER SACKS LIMITED

Manufacturers of industrial packaging.

MIKECHRIS INDUSTRIES LTD

Manufacturers of polypropylene tape, woven sheeting and bags.

CLUB OCEANIC LIMITED

Hoteliers. Operating The Royal Lotus, Girtale and Hotel Club Oceanic, Trincomalee.

OCEANIC TRAVELS LIMITED

Tour operators and Travel agents.

The Mikechris Group of Companies

3rd and 4th Floor, A.A.C. Building,
40, Sir Mohamed Mawatha, Marutha,
Colombo 1, Sri Lanka
P.O. Box 874 Colombo
Cables: "MIKECHRIS" Colombo
Telex: 21230 CBO

C.W. MACKIE & COMPANY LTD.

LEADING EXPORTERS OF NATURAL RUBBER AND DESICCATED COCONUT FROM SRI LANKA

The subsidiaries within the Group are also very large exporters of COCONUT SHELL, CHARCOAL, COCONUT SHELL FLOUR, SESAME SEEDS, SILVERWARE, Soap, Black Macapoe and other produce of Sri Lanka.

Address: P.O. Box 89, Colombo, Sri Lanka. Telex No: 21209
A/B MACKIES CE. Telephone No: 34446

Foreign Representation:

UK & CONTINENT: Prodcary Ltd., 80, Bishopsgate
London EC2N 4AU
Telephone: 01-588 6881
Telex No: 886729 A/B PRODG

NORTH AMERICA: Paul Elbogen & Co., Inc.
45, North Station Plaza,
Great Neck, N.Y. 11021
Telephone: (Area Code 516)
466-2900/2901/2902
Telex: 510-233-0885

JAPAN: Messrs. Kashe Company Ltd., NAGOYA
Telephone: 561-5471. Telex: 445-7275

BANK OF AMERICA

now in Sri Lanka—the newest of the more than one hundred full service overseas offices in the Bank of America's ever-expanding network of international branches.

Bank of America offers a full range of banking services in line with the Government of Sri Lanka's objective of bringing banking facilities closer to the public.

BANK OF AMERICA
324, GALLE ROAD, COLOMBO 3. TELEPHONE: 27374. TELEX: 2148 MORGANL CE

SRI LANKA

Let us take you to the beaches, temples, historic sites, reserves and into the private homes of the gentle Sri Lankans. We know this island intimately.

Please send me your brochure
DISCOVER SRI LANKA

Name _____
Address _____
DISCOVER THE WORLD TOURS LTD.
86 York Street, London W1H 1DP. Tel: 01-492 6366/2080

Mervyn da Silva

Jonathan Carr, in Bonn, considers how recent events have affected relations between East and West Germany

The Polish shadow over Ostpolitik

THE ABRUPT shelving this weekend of the East-West German summit meeting will transform what up to now has been a backstreet election campaign in West Germany.

The cancellation of Chancellor Helmut Schmidt's trip to East Germany, which came less than a week after his decision to call off a meeting with Mr. Edward Giersek, the Polish Prime Minister, raises two main questions which will be the subject of fierce debate in the five weeks up to polling day on October 5.

The first question is whether Herr Schmidt and his Social Democrat (SPD) and Free Democrat (FDP) coalition, which has ruled West Germany for the past 11 years, will be forced onto the defensive over Ostpolitik, the policy of gradual reconciliation with Eastern Europe effectively begun 10 years ago by Herr Willy Brandt.

The second is whether events in Poland have revealed this policy itself to be based on illusions. The answers to these questions are clearly of importance far beyond the two German states, each of them of crucial economic and military importance to their own alliances.

As to the first question, clearly the Opposition Christian Democrats (CDU) and their Bavarian allies, the Christian Social Union (CSU), have been given a golden opportunity.

So far, the approach to the election has been so lustre that a foreign visitor might be forgiven for thinking polling day was still a year away.

There has been a nasty squabble over co-determination in the steel industry: there has been a continuous drone of debate over state indebtedness, and some rhetorical sparring over economic prospects.

But the much-heralded "duel of the giants" between Herr Schmidt and the man who hopes to succeed him as Chancellor, the SPD's

Bavarian Herr Franz-Josef Strauss, has not so far emerged and it had begun to seem that it would not do so.

Now matters look different. The Opposition has been given ammunition on Ostpolitik—and Herr Strauss would not be Herr Strauss if he did not make use of it. First, the Polish leader Mr. Edward Giersek had to shelve talks planned with Herr Schmidt in Hamburg because of unrest at home. On the face of it that should hardly affect the Chancellor's election prospects.

But it is known that Mr. Giersek is a man Herr Schmidt particularly likes and admires. The Chancellor has gone out of his way before to help him—as one he feels has been trying to do a good job in very difficult circumstances. Herr Schmidt's personal efforts recently on behalf of a new West German credit to Poland are just one example.

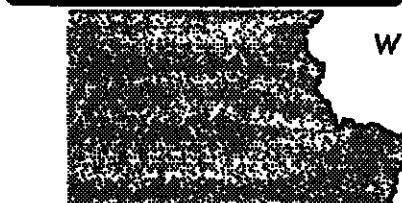
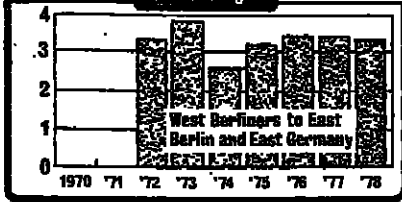
Should Mr. Giersek fall, the Bonn Opposition seems bound to use the occasion to argue that the Government's Ostpolitik simply leads to support—supplanted and other wise—unstable Communist regimes. Herr Strauss has already urged that the new West German credit for Poland be withheld until the demands of the strikers there are met.

Herr Schmidt's decision to call off his talks with the East German leader, Herr Erich Honecker, gives the Opposition still more scope. The CDU-CSU have long claimed that Herr Schmidt had arranged the date of the inter-German summit (the first formal meeting at top level between the two States for a decade) to help win election support. Whatever truth there might have been in this suggestion (and the inter-German meeting was first arranged for February, then postponed because of the Soviet intervention in Afghanistan), it is clear that the Opposition can now use the shelving of the

meeting for its own electoral purposes.

For Herr Schmidt it has become plain that Herr Honecker would have little room to negotiate on closer economic and human contacts between the two Germanies so long as the situation in Poland remained tense. Further, Herr Schmidt's plan to make a "meet the people" trip to the East German port of Rostock (which is parallel with Poland's strike date of the inter-German summit) was vetoed by East Berlin authorities, worried by the possibility of demonstrations there.

Herr Strauss was scornful—saying that not only was Herr Schmidt not taking a member of the Opposition to East Germany as had once been planned, but he was even taking himself. Other CDU-CSU leaders stress the time has come for Bonn to admit past errors and reshape its foreign policy.

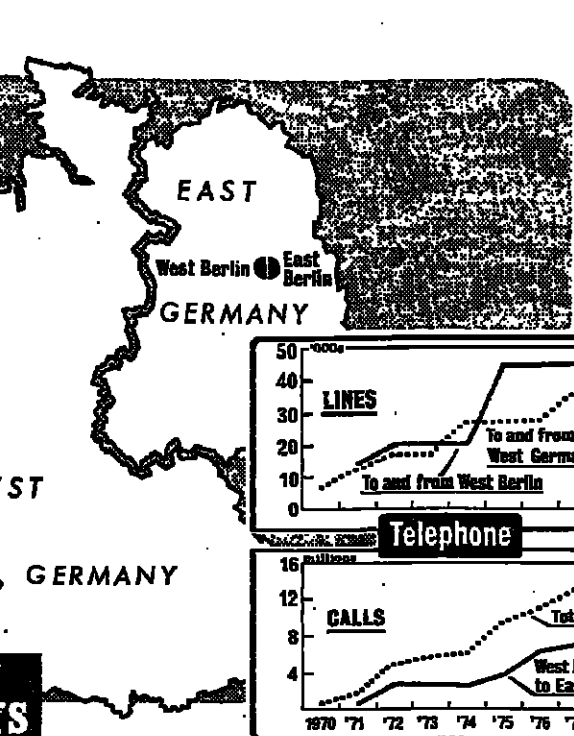


CONTACT BETWEEN THE TWO GERMANYS

meeting for its own electoral purposes.

For Herr Schmidt it has become plain that Herr Honecker would have little room to negotiate on closer economic and human contacts between the two Germanies so long as the situation in Poland remained tense. Further, Herr Schmidt's plan to make a "meet the people" trip to the East German port of Rostock (which is parallel with Poland's strike date of the inter-German summit) was vetoed by East Berlin authorities, worried by the possibility of demonstrations there.

Herr Strauss was scornful—saying that not only was Herr Schmidt not taking a member of the Opposition to East Germany as had once been planned, but he was even taking himself. Other CDU-CSU leaders stress the time has come for Bonn to admit past errors and reshape its foreign policy.



meeting for its own electoral purposes.

For Herr Schmidt it has become plain that Herr Honecker would have little room to negotiate on closer economic and human contacts between the two Germanies so long as the situation in Poland remained tense. Further, Herr Schmidt's plan to make a "meet the people" trip to the East German port of Rostock (which is parallel with Poland's strike date of the inter-German summit) was vetoed by East Berlin authorities, worried by the possibility of demonstrations there.

Herr Strauss was scornful—saying that not only was Herr Schmidt not taking a member of the Opposition to East Germany as had once been planned, but he was even taking himself. Other CDU-CSU leaders stress the time has come for Bonn to admit past errors and reshape its foreign policy.

more and more states were ready to recognise East Germany against Bonn's wishes.

If for no other reason, Bonn had to act to avoid being left out in the diplomatic cold. Its willingness to recognise, in treaty form, the post-war borders in Eastern Europe permitted conclusion of the four-power accord, helping safeguard the position of Berlin, and laid the groundwork for the European security conference. To the extent that it avoided isolation, West Germany clearly achieved one Ostpolitik aim relatively quickly.

A further object was to establish, and then strengthen, ties with East Germany so that there would be practical benefits for ordinary Germans on both sides of the border. It is possible to argue that some of Bonn's agreements with East Germany were negotiated too hastily, and that too much was paid for too little return. But there have been improvements in trade, visits and other contacts.

These results are fairly easy to demonstrate. Less readily perceptible has been a gradual change in the balance of power in Europe accompanying them. When—or if—Herr Schmidt at last sits down to talk with Mr. Giersek and Herr Honecker, he will be seeking not only to improve bilateral ties but the answer to a broader question: How far can Europeans on either side exercise their limited scope for independent action between the Super Powers to reduce the possibility of new tensions on the Continent?

Clearly Herr Schmidt does not imagine that Poland and East Germany are ready or able to detach themselves from the Warsaw Pact, still less that Bonn should leave NATO. But the reaction to the Soviet intervention in Afghanistan alone shows that European countries on both sides have started to play roles with respect to the Super Powers which would have been hard to imagine a decade ago.

INTER-GERMAN TRADE

Figures in DM bn

Year	from E. Germany	to E. Germany
1970	2.1	2.5
1971	2.4	2.7
1972	2.6	2.9
1973	2.7	3.0
1974	3.3	3.6
1975	3.4	4.0
1976	3.9	4.5
1977	4.1	4.6
1978	4.1	4.8
1979	4.8	5.1

ago. Most Eastern European countries found ways of showing they were far from enthusiastic in endorsing the Soviet action. Several Western European states—West Germany and France in particular—were also highly critical of the U.S. response.

Mr. Giersek took the initiative in arranging talks in Warsaw between the Soviet leader Mr. Brezhnev and the French president, which paved the way for Herr Schmidt's own discussions in Moscow last month with Mr. Brezhnev. All this could be described as a pan-European effort to limit damage for which Europeans are not responsible but by which they could be harmed. It is far from a dissolution of blocs and it could not survive a very serious and durable worsening of Moscow-Washington relations. But it is a new factor.

More, it has a particular significance for the West Germans and their aim (enshrined in the constitution) of unity for the German nation. When Bonn signed its treaties with the East, recognising the post-war borders, it appended letters saying that nothing to which it had agreed affected its political aim of "a state of peace in Europe in which the German nation will recover its unity in free self-determination." In other words, Bonn recognised the

borders as a reality it would not seek to change by force—but not as a reality for all time.

Herr Schmidt is clearly dedicated to the concept that the key to the German question can lie only in peaceful removal of barriers across the whole of Europe. Some of his listeners have been astonished at the passion with which this "pragmatic leader" speaks of an underlying cultural and spiritual European unity, despite current obstacles.

That said, the main question-mark over Ostpolitik is one certain not to be at the centre of the election campaign debate. What form might the policy take under German leaders less scrupulous than the present one? Dr. Henry Kissinger, the former U.S. Secretary of State, tells how he initially feared at the start of the 1970s that Ostpolitik might in some hands develop into a new form of classic German nationalism. His reaction was not to oppose the policy but to advise Western support for it—not simply to give Bonn's negotiations with the East more impetus but to link Ostpolitik to Alliance issues as a whole. Limits were thus imposed beyond which West Germany could not go without gaining Allied consent.

It is clear that the West German of 1980, whose political role has risen to match its economic power, is much less subject to such limits than it used to be. Some Eastern European states have won greater room for manoeuvre—and may be gaining more. It was no doubt with this situation in mind that Dr. Kissinger recently remarked that the first phase of Ostpolitik was relatively problem-free, but that the one now beginning would need much patience and discipline on both sides of the Atlantic. He might have added—in Moscow, too.

Letters to the Editor

Redundant managers

From Mr. V. Bingham, Jackson Taylor Management Services

Sir—David Chow's article (August 13) echoes the frustrating experience which many redundant managers and those who advised them constantly face. In particular there are: previous employers who feel the cheque book is the only instrument to use when time and expert advice may be more valuable; and potential employers whose prejudices about age and the fact of redundancy deny good candidates for vacancies even the right to be heard or seen. Possibly 75 per cent do not even send a brief "sorry we have no vacancy" letter.

Our employment system concentrates almost exclusively on salaries and appointments with fringe benefit packages. Pension rules are used as an excuse to deny possibilities to almost everybody over the age of 50. Too little consideration is given to retainerships for self-employed advisors, fixed-term contracts, part-time appointments or contracts for services... all of which would be attractive to able, experienced but redundant executives.

Banks, Government institutions and the City all offer platitudinous claptrap about encouraging small businesses and using executive talent, but offer only meagre support for those prepared to put their compensation into new ventures.

On a specific note, the cold response of education authorities towards (previous) engineers who might be retrained to become much needed science and maths teachers is almost grotesque. No one working in this field expects miracles. Some redundant managers will not and possibly should not work again because of age or lack of ability or unreasonable expectations. Some will only work again if they retrain or lower their sights.

Unless there are urgent changes of attitude, many more who are needed to establish new businesses or revive or rescue old ones will continue to be treated as "executive unemployables," which means not only personal suffering, but national economic waste.

Viv Bingham, Sunley Building, Piccadilly Plaza, Manchester.

Recurring gripe

From Mr. F. Whitehouse

Sir—Nothing sticks in my gullet more than the recurring gripe about how managers are badly done by.

It wouldn't matter if the absurdity only re-surfaced during the Silly Season and came accompanied by a nudge and a wink. But the complaint seems in deadly earnest and its rumbles are scarcely ever allowed to subside. Which makes you wonder if our so-called executive class has lost its reason.

Because with the best will in the world you couldn't place the average manager in the genius class, and by and large

he is certainly over-rather than under-paid for his talents.

Which is why, no doubt, I've never in 30-odd years in engineering, seen a promoted man voluntarily go back to the bench after fighting, or scrambling, his way into the executive class—except when plainly he was a misfit.

In his heart of hearts the typical manager surely knows he is on a good thing. If he thinks otherwise and doesn't pack his bags it doesn't say much for his intelligence or his initiative.

It isn't just that he is pretty well paid, so many of them also manage to develop a nice taste in wine, for the richer food, and a pleasing acquaintance with other countries as well as our own at their employers' expense—and often without being in the top flight of "gaffers." It amazes me that they can complain about their lot without excusing it with a grin.

For my part, having been on both sides of the fence, my prayer is that if ever I'm sent back to this world, let it be as a manager if my brains are no more than marginally above average. In the meantime I'll see to it that ingratitude doesn't spoil my chances. I wouldn't tempt fate by the moans for all the tea in China. Frank Whitehouse, 135, Ecclesfield Road, Chapeltown, Sheffield.

Mortgage funds

From Mr. D. Liss

Sir—The secretary general of the Building Societies Association (August 22) is as much entitled to "talk his book" as we all are, but he really should not talk through his hat.

If Mr. Griggs is really concerned to help first time buyers as much as possible at a time when net receipts are in danger of falling, he should look at the cost efficiency of his members.

He tells us that in 1979 net receipts totalled £3.5bn and that during 1980 they have been running at about the same level. In that period of say 18 months a number of societies have opened new branches in prime locations, have had to bear the cost of refurbishing them and have taken them found to be uneconomic. Would Mr. Griggs like to go to his members and ask them for statistics concerning the average in net receipts which their new branches have produced in these 18 months, and relate these to the cost of the new branches? And publish the figures?

David Liss, c/o 28, Airedale Avenue, Chiswick, W4.

Limiting pickets

From Mr. R. Kimberley

Sir—You kindly published a letter from me (August 19) relating to the disturbances which took place outside an Employment Office in South London wherein I criticised the behaviour of representatives of the Civil and Public Services Association. On August 22 I noted the attack made by the general secretary of that union

on the Socialist Workers Party and on a Labour Party MP for their part in the exploitation of this union issue.

Anxious to give credit where it is due I would like to congratulate Mr. Ken Thomas on his courage in denouncing the clandestine activities of the Trotskyists and of Mr. Stuart Holland who have exploited a trade union dispute in this way. At a time when so many wolves disguise themselves in sheep's clothing it is most encouraging to note that some trade union leaders are conscious of the subversive manner in which the enemies of our society including some so-called Honourable Members of Parliament, exploit the unions and are prepared to face the dangers which beset them.

If only all other trade union leaders would follow Mr. Thomas' example and restrict their activities to purely union issues we will cure the national disease which afflicts us and unions will enjoy to the full the respect which we are all so anxious that they should.

It is not surprising that the trade union movement supports the Labour Party but not so that extremists should climb on the band wagon for their own selfish ends.

R. Douglas Kimberley, 26 Binney Street, W1

Pressure from savers

From the Director, The Savers Union

Sir—Your recent leading articles "Savers and the housing market" (August 20) and "Fair wind for small savers" (August 23) constitute a timely and valuable contribution to current discussion concerning ways of resolving this country's immediate financial dilemma. And perhaps no observation in those articles has more significance than the chilling comment "Since savers have never formed an effective pressure group." Your writer's phrases "a decent reward for thrift" and "this long overdue rebirth of interest in financial honesty" are sufficient acknowledgement that the financial voice of this country needs no convincing that savers merit better terms than those meted out to them during the last five years.

Our researches show that in these years money in banks, building societies and National Savings (with the exception of index-linked instruments) has, for the standard rate tax payer, been losing value at an average annual rate of 8.4 per cent, assuming that interest has been re-invested. In the previous five years the figure was 4.7 per cent, while in the five years to December 1964 the saver actually received the meagre real annual average return of about half of one per cent.

Of course, there is a massive lack of understanding, and indeed possibly of concern too, regarding the plight of savers. Letters to this office tell of financial distress, of shattered pride and deep anger flowing from what has correctly been described as "the rape of the saver." One of your readers (August 22) commenting on "Savers and the housing market" perhaps provided an illustration of the ignorance so prevalent as

to the real level of present interest rates when he used the phrase "Yet a further juicy tax free issue of National Savings Certificates. There is nothing juicy about a net rate of interest a full six points below the current rate of inflation. Savers ought to receive a real annual return, after tax at the standard rate, of just two per cent. Geoffrey Price, 4, Broad Street Place, Blomfield Street, EC2

Rent Act reform

From the Press Officer, Small Landlords Association

Sir—There has just come into my possession a copy of a judgment in the High Court in the Irish Republic which has declared that the two key parts of their equivalent of our Rent Act (rent restriction and indefinite security of tenure) are repugnant to the provisions of their constitution.

The history and content of the rent protection legislation in the two countries is virtually identical and we believe that this judgment is of immense importance and entirely substantiates our claim that our Rent Act discriminates with grotesque unfairness against the private landlord.

The judgment expressed the opinion that both key aspects of the legislation in the Irish Republic were repugnant to the provisions of the constitution in that a group of citizens arbitrarily selected, had been deprived of property for the benefit of another group of citizens, without any compensation, with no limitation on the period of deprivation and with no indication of any occasion which necessitated their selection for this purpose from the general body of citizens.

That is our complaint against our Rent Act in a nutshell. Yet yet MPs and members of the House of Lords, from all political parties, have totally ignored the representations we and other landlord organisations made when the present Housing Act was going through Parliament.

We appealed for sensible and progressive reform. But there is hardly a sniff of reform in the Housing Act as it has eventually emerged. "Fair" rents remain onerously restricted, the only change being that the landlord will get his uneconomic rent increase in two instalments instead of three. The principle of indefinite security of tenure has, in fact, been strengthened by logically (if you accept the principle) extending the right of statutory succession to the widower as well as the widow. Furthermore, the Labour Party declared that it would implement their threat to repeal the shorthold legislation and convert shortholds into tenancies with indefinite security.

It is a fact that the decision in the Irish Republic is to be appealed to the Supreme Court. No doubt powerful forces will be arrayed against it. But in the name of justice the decision is right both sides of the Irish Channel. G. F. Cutting, 7, Rosedale Avenue, Streatham, SW16.

GENERAL

UK: Mrs. Margaret Thatcher visits Mullard Radio Astronomy Observatory and Medical Research Council's Laboratory of Molecular Biology, Cambridge.

Financial Times conference, Aerospace into the Eighties and Beyond, continues—speakers include Mr. Adam Butler, Industry Minister, and Sir Frederick Page, British Aerospace aircraft group chairman, Royal Lancaster Hotel, London.

Engineering unions lodge pay claim.

National Union of Journalists

Today's Events

chapel (office branch) meets at The Times to discuss strike.

Sir John Graham, formerly British Ambassador in Tehran, speaks on the outlook for Iran, London Chamber of Commerce.

Slimming magazine announces slimmer of the year.

Overseas: Lord Carrington, Foreign Secretary, concludes visit to Saudi Arabia.

Presidential elections held in South Korea.

OFFICIAL STATISTICS

Department of Employment

COMPANY RESULTS

Final dividends: Associated Dairies, Brown Brothers Corporation, Mountleigh Group, Security Centres Holdings, Victor Products (Walsend), Interim dividends: Blue Circle Industries, Cement Roadstone, Ladbroke Group, Pearl Assurance, Thomas Robinson, Rotork, Royal Worcester, Slough Estates.

LUNCHTIME MUSIC, London

Malcolm Burnock Orchestra plays in Finsbury Circus Gardens, EC2, noon.

Picnic recital by Roger Cutts, St. Lawrence Jewry, Gresham Street, 1.00 pm.

NEWCASTLE 900

EXHIBITION

Eighty

ENERGY & ENGINEERING

4th to 13th September

Take some time out to take in Exhibition '80 at Newcastle upon Tyne. See all that's best in North East Energy and Engineering on show during the City's 900th Anniversary.

For further information 'phone Chris Hammer Newcastle City Council Newcastle upon Tyne (0632) 28520 Ex.5046

City of Newcastle upon Tyne

TYNE AND WEAR COUNTY COUNCIL

IMI slows in second quarter

BOOSTED by a buoyant first quarter, pre-tax profits of IMI, the Birmingham-based refining, fabricating and slide fasteners group, improved by 26 per cent from £13.6m to £17.1m in the half-year to June 30, 1980. Sales to external customers rose from £30.5m to £33.7m.

The directors say the first half figures aggregate the result of two quarters of contrasting characteristics. In the first three months, activity was buoyant in most sectors, with the exception of sporting ammunition, zip fasteners and copper alloy tube.

Early in the second quarter there was a major recession in home demand for building products and copper semi which later spread to the food power and heat exchange sectors. The directors state that the third quarter to-date has provided no evidence of a revival of sales.

The pre-tax figure was struck after depreciation of £5.2m (£5.4m) and associates' profits less losses of £500,000 (£500,000). After a loss of £200,000 (£1m) and a loss of £200,000 (£1m) on metal stocks, profit attributable was down from £13.7m to £13m.

Sales volume in the first six months was marginally down on that achieved in the strike-affected first half of 1979. Value, however, rose by 11 per cent, partly because of higher copper prices. Overseas sales were well maintained, but the strong pound

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY	
Interim—Blue Circle Industries, Cementation, Ladbroke, Pearl Assurance, Thomas Robinson, Rotork, Royal Worcester, Slough Estates, Finesse—Associated Dairies, Brown Brothers, Consolidated Plantations, Mountleigh, Stone Dairy, Vicor, Products (Wallend).	
FUTURE DATES	
Interim—SICC	Sept. 9
Interim—Nu-Swift Industries	Sept. 9
Interim—Reckitt and Colman	Sept. 9
Interim—Apex Properties	Sept. 1
Interim—Melody Mills	Sept. 8
Interim—Standard Industrial	Aug. 29
Interim—Whitworth Electric	Sept.

made further inroads into export profit margins. In sterling terms, home sales were up 7 per cent, export sales by 30 per cent, and overseas companies' sales by 8 per cent.

After a tax charge up from £1.6m to £4.7m, stated earnings per 25p share are lower at 6.2p (6.6p), but the interim dividend is raised from 1.5p to 2p, absorbing £4.7m. Last year's total was 4.4p from pre-tax profits of £4.5m.

Lex, Back Page

Reardon Smith faces future with confidence

Mr. C. R. Chatterton, chairman of Reardon Smith Lane, says the future can be faced with measured confidence bearing in mind world political influences which can have an adverse effect on freight rates.

While world trade is being seriously affected, nevertheless there are indications that overtoning is now beginning to show signs of improvement in supply and demand, the chairman says.

In recent months, the group has seen the effect of such events, but in the medium to long term, Mr. Chatterton is optimistic of reasonable stability being maintained. In the near future, the ques-

tion of replacement tonnage for the group will become urgent, but current freight rates would require to be doubled to make the replacement economically viable.

For the year ended March 31, 1980, the group recovered from losses of £2.06m to a £117,733 pre-tax profit. Turnover was £22.06m against £18.18m. First half results in the current year are expected to be satisfactory and maintenance of the improved position is anticipated for the second half.

The balance sheet shows total stockholders' interest of £10.57m (£10.24m) with shipbuilding loans of £15.99m (£26.77m). Meeting, Cardiff, September 17 at 3 pm.

Queens Moat profit up halfway: raising £2.7m

A RIGHTS issue to raise £2.7m, together with an increase in pre-tax profits from £323,000 to £471,000 for the half-year to mid-July are announced by Queens Moat Houses, the hotels group.

The rights issue is being made through the issue of 104 per cent unsecured loan stock at a par value of £1. The stock is convertible into ordinary shares at the rate of one share for every 37p of stock from 1983 to 1989. Shareholders can subscribe for £1 of stock for every eight ordinary shares held.

Mr. John Baird, chairman, says the money is being raised to finance the expansion of accommodation and conference facilities at a number of hotels. It will also be available for acquisitions, should suitable opportunities arise. The issue is underwritten by Duff Stewart and Margit & Addenbrooke.

The company has sufficient unissued share capital to allow for full conversion but is nonetheless proposing to increase the

authorised share capital by 10m shares, equivalent to the number of new shares which conversion of the loan stock would create. If approved by shareholders, the authorised capital will be £2.1m.

Profits were struck after rent payable of £382,000 (£302,000) and interest of £274,000 (£197,000). Turnover rose from £5.6m to £6.6m. The interim dividend is 0.55p per share (0.375p) and earnings per share 1.05p (0.83p).

The company announced three acquisitions for a total of £1,025,000 in cash. It has exchanged contracts to buy the freehold of the Waltham Forest Hotel at Woodford Green and Cannons Hotel at Ware, both of which have been under leasehold since 1974. It is also buying the headquarters of the Airport Hotel complex at Southend, which has been held on an underlease since 1974. Chartered surveyors Weatherall, Green & Smith have valued the three hotels on an open market basis at £2.75m.

Mr. Baird said that despite high interest rates, current trading indicates that 1980 will

show a significant improvement over 1979.

comment

On an identical increase in the final dividend, Queens Moat shares yield 4.3 per cent so the convertible loan stock looks like expensive money. Yet the group has already placed almost 5m shares for acquisitions this year and its balance sheet gearings looks modest for a group rated on a p/e of 16.5—based on fully-taxed earnings of £480,000 this year. The share price of 37p is in line with the conversion price and the issue is well tailored to the needs of both the company and its shareholders, who have missed out on the vendor placings. Profits continue to race ahead, with all hotels fully-booked during week-days, and the recession being felt elsewhere is likely to have a significant impact only on week-end traffic during the second half. The freehold acquisitions will strengthen the balance sheet and will also improve profits as long as interest rates remain below 10 per cent, which seems a fairly safe bet.

Spencer Gears calling for £1m

Spencer Gears (Holdings) is raising £1m by way of a one-for-one rights issue. At 13p per share.

The cash call follows the completion of new factory and office accommodation for its Southern Industries (Croydon) beer raising and dispensing equipment subsidiary, and the extension and partial rebuilding of the Spencer Gears Leicester factory. The company has invested £2.2m on buildings, plant and machinery in the past year. Properties have been revalued at £1m to £2m as at July 31, 1980.

Results for the year ended March 31, 1980 have not yet been published but the directors are expected to announce a profit of £1,000,000. The company's previous year's results were higher than those of the previous year.

An unchanged final dividend of 0.65p is proposed, following the 40 per cent increase in the interim dividend to 0.35p. The new shares will not rank for the

underwritten by the company's brokers, Charles, Stanley and Co.

comment

Were it not for the reliability of the markets it serves, Spencer Gears would look a little desperate in its appeal for funds at a more than 40 per cent discount to the market price. However, pubs continue to need equipment and the company's operating margins have apparently held up very well in the past year but the rights issue is vital to reduce a very high level of borrowing incurred to complete an ambitious capital spending programme. Even after the issue, the company expects its gearing will remain at more than 50 per cent without taking account of the property revaluation that will appear in next year's balance sheet. The deep discount takes the shares to 16.8 times fully-taxed earnings. The yield on the ex-rights price is 8.1 per cent.

DERRITRON

Acceptances have been received in respect of 98.4 per

YEARLINGS MOVE

UP TO 15%

The interest rate on this week's batch of yearling bonds is 15 per cent, up for the fourth week in a row and by 1 per cent from last week. Issued at par, they are redeemable on September 2, 1981.

The issues are: London Borough of Barking and Dagenham (£1m); Beverley BC (£0.5m); Grampian BC (£1m); Northavon DC (£0.25m); Tonbridge and Malling DC (£0.25m); West Wiltshire DC (£0.25m); Slough BC (£0.5m); Adur DC (£0.25m); Cambridge CC (£1m); Test Valley BC (£0.5m); North East Derbyshire DC (£0.5m); Daventry DC (£0.5m); City of Salford (£0.75m); City of Manchester (£2.5m); Lancaster CC (£0.5m); East Staffordshire DC (£0.5m); Borough of Llanelli (£0.25m); North Wiltshire DC (£0.25m); Warrington BC (£0.5m); Borough of Wolverhampton (£1m).

BIDS AND DEALS

Bass denies Pontin's interest

The Bass brewing and hotel group yesterday denied reports that its top executives had been touring Pontin's holiday camps in the UK with a view to buying them from the troubled Coral Leisure Group.

"There have been no top level visits from our directors," said Mr. Frank Quaranta, the company secretary of Bass. Mr. Nicholas Coral, the chairman of Coral which reported a sharp profits collapse last week, also denied that talks had taken place with Bass.

Earlier this year, Bass was viewed as a possible buyer of Coral's Centre Hotels subsidiary. Coral is now holding talks with Taj of India on the sale of a two-thirds stake in Centre. "The terms have been agreed on," said Mr. Coral. "It is a question of tidying up the legal and accounting niceties."

The offer remains subject to certain conditions, including the receipt of the assurances sought from Hoechst AG and Hoechst UK, that if YAG acquires more than 50 per cent of Revertex, Hoechst will not exercise its right to acquire Revertex's 50 per cent shareholding in Harlow Chemical.

Pending the outcome of discussions on this subject, the offer has been extended to September 12.

The separate cash offer, made by Morgan Grenfell, to purchase the new Yule preference shares, to which Revertex shareholders are entitled, on acceptance of the offer, has been accepted in respect of 413,334 existing ordinary.

The cash offer has now closed but remains conditional on the offer becoming or being declared wholly unconditional.

FERRANTI SHARES

DISPOSALS

The Ferranti brothers have sold further shares in the Ferranti defence and electronics group in which the National Enterprise Board recently placed most of its 50 per cent stake with institutions.

Mr. Basil de Ferranti, the deputy chairman, has disposed of 50,000 shares from the recent £21m rights issue, leaving him with a holding of 1.63m (3.3 per cent).

The chairman, Mr. Sebastian de Ferranti, has sold 340,000 shares to leave his stake at 1.41m or 3.31 per cent. The brothers have also sold nearly 500,000 rights and ordinary shares on behalf of family trusts.

PENNINE COMMERCIAL

Pennine Commercial Holdings intends to return to the dividend list next year, but the motor distribution and property company said it was too early to forecast the level of payment.

In the formal document for its £25m rights issue, a 15.7 acre housing development site in Lancashire, said Pennine Commercial, "is a satisfactory prospect for the future".

Pennine last paid a dividend in 1974, when the gross 3.67p distribution was sharply down on earlier years. Pre-tax profits in the year to January 31, 1980, were £10,170 against £9,400.

REVERTEX ACCEPTANCES

Acceptances of the offer from Yule Catto for the shares in Revertex Chemicals it does not already own, have been received from over 72 per cent of the holders in respect of over 85 per cent of the capital for which the offer was made.

SUBSTANTIAL STAKE

IN H. GOLDMAN

Mr. I. H. Wasserman has been revealed to be a substantial shareholder in H. Goldman Group. His stake totals 229,500 shares, representing 10 per cent of the hardware, clocks and watches wholesaler. In the market, the shares rose 34p to 17p.

ALLIED INTL. DESIGNERS

Allied International Designers Group has acquired Foxvale and its subsidiaries for an initial consideration of £20,000 cash. Further consideration will depend on profits for the period to May 31, 1984.

Foxvale's principal subsidiary, Business Decisions, specialises in market research, image studies, package and product testing and employee communications.

MACFARLANE ACQUISITION

Macfarlane Group (Clansman) has acquired John M. Napier, Edinburgh, for £250,000 cash. Napier has been established as a specialist printer in Edinburgh for almost 100 years. Main activity is label printing for the whisky industry.

The Macfarlane directors believe there is considerable potential to expand Napier's customer and product range from within the Macfarlane group.

SCANNER 6000 DEAL SIGNED

Ommimedical, a Los Angeles company which manufactures diagnostic equipment, said yesterday that it had now signed the agreement for acquiring the fixed assets and inventory of the EMI-Scanner 6000 from EMI

Medical Inc. for undisclosed terms.

The agreement calls for Ommimedical to assume certain obligations of EMI Medical. These include warranty performance and service obligations for existing 8000 scanners and manufacture of additional scanners to complete existing orders held by EMI Medical.

The transaction, scheduled for completion on August 29, is subject to several conditions, including approval by EMI Medical directors.

INVER INDUSTRIAL

Leeman, a company formed by British and West German interests, has purchased the assets of the recently liquidated Scottish company, Inver Industrial. Production is scheduled to commence on September 1 and the initial labour force is likely to number around twenty.

NO PROBE

The proposed acquisition by Armstrong Equipment of Covrad is not being referred to the Monopolies Commission.

SHARE STAKES

General Consolidated Investment Assurance has increased its holding to 1,805,000 shares (9.66 per cent).

Mercantile House Holdings—Interest of Britannia Arrow Holdings is now 815,000 shares (11.57 per cent), the result of purchase of 110,000 shares on August 18 and rights issue on same date of 117,500 shares.

Sekers International—Grove-wood Securities has acquired 55,000 shares making holding 1,382,975 (16.2 per cent).

William, Jones and Son, J. R. Martin director, notifies that Allpress Children's Trust has disposed of 400,000 shares. They have been transferred to a beneficiary of that trust. Beneficial holding of 87,630 shares remains unchanged. New non-beneficial holdings as trustee of various settlements amounts to 12,215,944 shares (10.22 per cent).

Marlborough Property Holdings—A. S. Jolliffe director, sold 50,000 shares at 34p on July 10, 25,000 at 35p on July 23, 10,000 at 42p on August 4 and 40,000 at 42p on August 19, reducing beneficial interest to 1,325,906 shares.

Brenner and Co.—Hugh Fraser Trusts have acquired 48,000 shares making holdings 424,000 (7.61 per cent).

Howden Group—M. F. Caffrey, director, has sold 45,000 shares. Stenhouse Holdings—P. H. A. Stenhouse, director, notifies that his beneficial interest has decreased to 34,587 shares following sale of 1,250 in his wife's name at 89p on August 21. Non-beneficial interest unchanged at 11,413,793 shares.

MINING NEWS

Miners' strike will cut full-year profit at Utah

BY GEORGE MILLING-STANLEY

AUSTRALIA'S biggest coal mining group, the U.S.-controlled Utah Development, saw net profits rise by 7 per cent during the first half of the current financial year to A\$76.3m (£28m), but has warned that the nine-week-old strike by Queensland coal miners will sharply reduce results for the full year.

The miners are striking over attempts by the authorities to tax subsidised housing in the Utah mining towns, reports James Forth from Sydney. As yet there is no sign of an end to the strike which is costing Utah A\$19m a week in lost export earnings and A\$3.3m in domestic earnings.

Even in the event of an early settlement to the dispute, Utah estimates that its coal output in the second half will be around 2m tonnes lower than the 4.4m tonnes produced by its five mines during the first six months. Mr. Keith Wallace, managing director, said that Utah would be "struggling to break even" in the second half.

The improvement in first half profits came on the back of a 10 per cent rise in coal shipments, which was largely attributable to the start-up of the new North Park mine.

Utah is concerned that if the strike continues, it could jeopardise several small short-term contracts recently signed with India and Egypt, which are new markets for the group.

Utah, which is owned as to 89.2 per cent by America's Utah International, a wholly-owned subsidiary of General Electric of the U.S., has trimmed the dividend to its parent by 11.1 per cent to A\$5.2m.

Utah Mining Australia (UMAL), which owns the

remaining 10.8 per cent of Utah Development, boosted its net profit for the first half by 6.7 per cent to A\$9.5m.

Net profits of Peko-Wallend, the Australian mining and industrial group, leapt by nearly 80 per cent to A\$46.6m in the year to June 30. The dividend is being raised from 17.5 cents a share to 22.5 cents with a final of 12.5 cents, compared with 10 cents last time.

The increase was attributable to the sharply higher gold price prevailing during the second half of the financial year and the inclusion of a full year's results from Simsmetal, the scrap metal group, against just two months in 1979-80.

Peko is currently involved in a takeover battle with Clyde Industries for the materials handling group Production Equipment, and is shortly to dispose of its first half of the Ranger uranium deposit in the Northern Territory to Energy Resources of Australia.

Peko's partner in the development of Ranger, EZ Industries, suffered a sharp reverse in the second half of the year to June 30, but still managed to produce more than doubled net profits for the full year.

EZ Industries, a zinc producer and base metal mining company, is lifting its dividend from 18 cents a share to 48 cents, after record net profits of A\$36.3m against A\$17m. Earnings per share were 48.7 cents compared with 33.8 cents.

No less than A\$33.1m of EZ's full-year net profit was earned during the first six months. Lead prices during the first half were 50 per cent higher than during the remainder of the year, with

silver prices 80 per cent higher and copper 20 per cent higher. The directors said yesterday that metal prices appear to have achieved some degree of stability now, at levels higher than those achieved during the most recent six months.

Associated Manganese

SOUTH AFRICA'S Associated Manganese, a major producer of manganese iron ore and ferro-alloys, is feeling the effects of the world recession in the steel industry. Net profits for the first half-year to June 30 are 16 per cent lower than last time, at R7.58m (£4.2m), on sales of R58.2m compared with R62.4m, reports Jim Jones from Johannesburg.

The company pointed out that direct comparisons are not possible as export shipments vary from period to period, but said that sales and profits have been affected by a combination of the strength of the South African Rand, competitive pricing in export markets and a reduction in demand.

While other major producers of high carbon ferro-chrome have cut output, Associated Manganese has maintained operations at full capacity and has apparently stockpiled excess production.

The interim dividend is doubled to 60 cents a share on earnings of 71 cents against 173 cents in a move to reduce the disparity between the interim and final payments. A total of 150 cents was paid in 1979 from earnings of 254 cents.

Record profits for Johnnies

NET PROFITS of the South African mining and industrial group Johannesburg Consolidated Investment for the year to June 30 have surpassed the previous year's record of R56.6m with a 40.6 per cent advance to R78.2m (£43m).

The total dividend is lifted to 475 cents from 355 cents with a final payment of 375 cents against 205 cents.

Income from investment went up from R38.1m to R56.3m, said yesterday that all major investments contributed to the increase, with the main contribution coming from the gold and platinum interests.

Trading profits also moved ahead sharply from R7m to R12.6m, and the group said that this was mainly accounted for by a substantial improvement at Lenning Holdings.

Johnnies paid no tax for the year, as it still has considerable tax losses in hand. Last year's tax charge of R300,000 was in respect of UK taxation on the Earmark subsidiary, which has now been sold. The sale realised a profit of R11.2m. The group calculates net asset

value per share at the year-end at 12.15p, compared with 6.88p cents last time. This is equivalent to £67.55 a share, and compares with last night's closing price in London of £27.50 a share.

Johnnies has maintained the Otjibase copper mine in Namibia on a care and maintenance basis during the year, and also carried out additional exploration and development work. Expenditure during the period amounted to R4.5m.

The mine was closed in 1978 as a result of a combination of low copper prices and technical problems.

Downturn at Southern Kinta

A HIGHER tax charge has marred the last results to be reported by the Malaysian tin producer Southern Kinta. Consolidated as an independent company. Net profits for the year

to March 31 are down by 7.8 per cent to M\$6.37m (£1.26m).

Southern Kinta is to be absorbed into an enlarged Malaysian Tin Dredging as part of a reorganisation of six of the tin producers within the Malaysia Mining Corporation group.

The offer of shares in Malaysian for Southern Kinta shares closed on August 15, after holders of 91.48 per cent of the capital had accepted. Malaysian will compulsorily acquire the outstanding minority under Malaysian company law.

Southern Kinta is not declaring a final dividend, but the special dividends in connection with the merger will be paid on September 30.

A rise of 14.8 per cent in the average price received for tin concentrates was more than enough to offset the effects of a slight fall in output from 1,661 tonnes to 1,523 tonnes.

Pre-tax profits were thus slightly ahead of last year at M\$16.91m against M\$15.7m, but the increased tax charge left earnings lower at 83 sen a share compared with 90 sen.

PREEDY

March 29th

Turnover

Operating profit

Interest payable

Pre-tax profit

Total dividend

1980

£900

£8,261

1,368

(642)

843

3.35p

1979

£900

£8,533

1,253

(157)

1,238

3.35p

Mr. S. L. Preedy, Chairman, reports:—

"Operating profits show an increase of £115,000, but include a full year's contribution (£403,000) from Midland Educational which only provided four months' profits (£202,000) in last year's accounts.

A good performance from the smaller newsagents' shops was largely offset by disappointing results last summer in the larger stores.

During the year 11 new stores and shops were opened or acquired, 8 were sold or closed and 4 re-housed in larger premises.

The wholesale division had a good year, particularly the traditional (delivered) trade. We have purchased 2 wholesale businesses in Huddersfield, which will be combined this year.

A property revaluation showed a surplus of £2.2m."

ALFRED PREEDY & SONS LIMITED

Multiple retailers of books, stationery, news, tobacco, confectionery, greetings cards, toys, records, china and glass from 196 branches nationwide. Wholesalers of tobacco and confectionery from 7 branches.

THE DEVELOPMENT BANK OF SINGAPORE LIMITED

(Incorporated in the Republic of Singapore)

NORTH AMERICAN NEWS

Korvettes secure currency clearance

By David Lascelles in New York

AGACHE-WILLOT, the French owners of Korvettes, the troubled New York department chain store, yesterday received permission from the French authorities to transfer funds to the U.S. to repay Korvettes' creditors.

The Agache-Wililot group was originally due to make these payments today, but delays caused by currency controls mean that the payment will not take place until the end of this week, or the first business day of next week, Korvettes said.

It was not immediately clear how Korvettes' bank and insurance company creditors would react to this. None of the banks would comment yesterday. Korvettes' executives are due to meet creditors today to explain the situation.

Korvettes has twice postponed what creditors claimed were payment deadlines and there has been considerable confusion about the status of the various financing plans put forward.

Under the latest agreement, Agache-Wililot is supposed to pay \$26m immediately and another \$2m next January under a rescheduling of a total \$55m in debts. Meanwhile, the banks have seized about \$8m of Korvettes' deposits.

The payment problems have added to Korvettes' operating difficulties. Suppliers are apparently reluctant to deliver goods to Korvettes until they know that the creditors are happy about the refinancing plan. The department store group has also been forced to discontinue some of its credit operations.

SEC in broker discount study

By Our Financial Staff

THE Securities and Exchange Commission staff over the next nine months will examine the rapid development of discount brokerage houses and the impact of retail commission discounting on the securities industry, said Mr. Harold Williams, the chairman of the SEC.

Brascan meets opposition to McIntyre Mines bid

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the Toronto-based holding company controlled by the Peter and Edward Bronfman interests, is meeting a resolute "No" from Keith McIntyre, owners of 17 per cent of Superior Oil Company, of Houston, to its bid worth nearly \$250m (US\$160m) cash for McIntyre Mines and for Falconbridge Nickel Mines.

Brascan controls several billion dollars in assets through subsidiaries and affiliates in financial services, consumer products and resources.

McIntyre, about 54 per cent controlled by Superior Oil of the U.S., and which in turn owns more than a third of Falconbridge, is a major coal producer in Western Canada, with some base metals interests as well.

Falconbridge is Canada's second largest nickel producer and has interests also in precious metals and base

metals. The Superior group also has major oil and gas interests in Canada, through Canadian Superior Oil.

Brascan, still cash rich from the \$400m compensation received two years ago from nationalisation of its power utility in Brazil, has made a written offer for all 1.9m shares of McIntyre at \$110 a share, worth around \$210m. This would include Superior Oil's 54 per cent interest in McIntyre plus the balance of stock in public hands.

Brascan also bid \$132 a share for Superior Oil's direct holding of 279,000 shares of Falconbridge, worth about \$37m, but would not extend this offer to public stockholders of Falconbridge. The Superior group in Canada and the U.S. holds an estimated 42 per cent of Falconbridge.

In this way Brascan would get control of both Canadian mining

companies. It proposes then to operate them through its own mining affiliate Western Mines of Vancouver.

"Our position is that we are not interested in selling out," Superior Oil said in Houston. However, the written Brascan offer would be put before a board meeting later this week.

Superior has already proposed to merge its 100 per cent-owned Canadian Superior Oil with McIntyre in a share exchange, valuing McIntyre shares at about \$88 each. This proposal has yet to be put to McIntyre shareholders.

Superior Oil says the Brascan offer would be taxable and is quite different from its own proposal for merging McIntyre into Canadian Superior.

Analysts say the Brascan bid may encourage opposition to the merger plan. Some institutional stockholders of McIntyre have said the \$88 valuation is too low.

Crane maker back in red for third quarter

By Our Financial Staff

HARNISCHFEGGER, the major manufacturer of power cranes and shovels for the construction and mining industries, has slipped back into the red for the third quarter of 1979-80.

At the net level, the company reported a loss of \$264,000 for the three months ended July, compared with a profit of \$1.1m a year earlier. Sales increased by 6 per cent to \$157m.

Harnischfeger's profits have been falling steadily in recent years, culminating in a loss of \$1.59m for 1978-79. The company said yesterday that the impact of recession was being felt most in its construction equipment divisions, which account for around 50 per cent of sales.

The downturn in the market for construction equipment was expected to "bottom out" in the current and next quarters, but would remain flat until the beginning of 1982.

Thanks to strong profits in the first two quarters the company is able to declare earnings of \$8.7m for the nine months, compared with only \$990,000 a year earlier when the first quarter dipped heavily into the red.

Last year Harnischfeger was subject to a \$245m cash bid, \$27.50 a share, from Mannesmann, the West German engineering group. The offer was withdrawn in November because of anti-trust objections.

The U.S. company's German operations are centred on a 51 per cent interest in Harnischfeger GmbH. In 1979 the group consolidated losses from this company totalled \$15.2m, up from \$5.5m in 1978.

Tesoro and Hideca in fresh talks on CORCO

BY OUR FINANCIAL STAFF

TESORO PETROLEUM disclosed yesterday that it is working with an affiliate of a Venezuelan-based company on a new plan to revive the bankrupt Commonwealth Oil Refining (CORCO).

Tesoro said that Hideca Petroleum has agreed to work on a proposal looking toward construction of a Plant of Arrangement to solve CORCO's pending Chapter 11 proceedings. Tesoro owns 56.7 per cent of CORCO and is a significant creditor of the company.

Hideca is a U.S. affiliate of a privately-owned company based

in Venezuela, which is engaged primarily in oil trading and transportation.

An arrangement by Tesoro and Hideca would seem a sound prospect, since it could result in Hideca arranging for crude oil supplies from Venezuela to be refined in Puerto Rico for distribution in the U.S. CORCO has a 161,000 barrel a day refinery in Puerto Rico.

Tesoro has been the target of a possible takeover attempt by Diamond Shamrock, Dallas, which disclosed last week that it had acquired 4.5 per cent of

Tesoro's shares.

In San Antonio, Texas, Commonwealth Oil Refining announced yesterday a \$2.5m unaudited loss in July, equivalent to 31 cents a share, on sales of \$13.2m.

The company said the loss was due to lower profit margins on gasoline sales caused by the recent drop in spot market prices.

High refined product inventories and lower demand in the U.S., together with uneconomical fuel oil prices necessitated lower crude oil throughput at the refinery.

INTERNATIONAL BONDS

Kuwaiti dinar sector reopens

BY FRANCIS GHILES

THE KUWAITI dinar sector of the Eurobond market has reopened with a KD 7m (\$26m) issue for the City of Oslo. This follows the decision taken two weeks ago by the Central Bank of Kuwait to revive this market for foreign borrowers.

However, regulations governing the number and size of issues which banks can bring to the market will be much stricter than before.

The problem for the KD market remains that international investor interest in an undiversified basket of currencies which generally yields less than the dollar has never blossomed. This is still the case today: the new issue, the City of Oslo's second in this sector, has a coupon of 94 per cent for ten years and yields 9.25 per cent—4 per cent below secondary dollar sector returns. Lead manager is Kuwait International Investment Company.

Meanwhile, the weakening of

the D-Mark foreign bond market has forced the postponement of a second new issue in less than a week and cast a shadow over other DM foreign bond issues planned before the end of August. A DM 100m issue scheduled for next week was delayed by Commerzbank because it could not agree on appropriate terms with the borrowers.

Having deserted the dollar bond market two months ago, institutional investors now appear intent on doing the same in the DM foreign bond and domestic sectors. Hopes of an early decline in German interest rates have kept foreign buying interest at a high level in recent weeks and allowed German banks to place over DM 2bn worth of new DM foreign bonds last month alone.

But last week's decision by the Bundesbank not to lower German interest rates for the time being dashed all hopes and depressed domestic and

foreign DM bond prices. During the past two days the latter have posted falls of 1 of a point.

The DM 200m ten-year issue for Sweden, with a 7 1/2 per cent coupon and priced at par, shed two points in two days and now yields 8.18 per cent.

The same malady hit Swiss franc bonds which shed half a point yesterday. Some pressure may be taken off the bond market, however, by the decision of major banks yesterday to cut the interest offered on medium-term notes by 1 per cent so that five and six-year notes now offer only 4 1/2 per cent.

Electricite de France is to raise SwFr 100m by a ten-year issue through Union Bank of Switzerland. The bonds carry a state guarantee, have a 5 1/2 per cent coupon and are priced at par. These terms compare with the recent issue for Philips NV which is currently quoted at 98 1/2 and 4 1/2 per cent.

NCR makes rival offer for Applied Digital Data

BY OUR FINANCIAL STAFF

NCR, the major computer group, has joined battle with Canada's Mital Corporation for control of Applied Digital Data Systems which produces video display computer terminals.

NCR's bid of \$12 for each of Applied Digital's common shares and \$2 for the preferred stock puts a total value on the company of about \$60m, and compares with the \$11 and \$25, respectively, offered by Mital, which manufactures telecommunications equipment and integrated circuits.

Mital's bid for the company is due to expire on September 4 and Mital said yesterday it was trying to arrange a board meeting for today to consider what action to take in the light of NCR's bid. Mital's tender offer was conditional on it gaining enough acceptances to give it a majority of voting power.

NCR made no immediate response after Applied Digital had yesterday revealed its proposed offer. Applied Digital said its board would consider the NCR proposal today. Applied Digital's main product lines are a range of

terminals without independent processing features which are compatible with major computers other than those produced by International Business Machines. It also has an IBM-compatible "intelligent" terminal.

NCR is a major customer for its output, and in 1979 its purchases of four of its models accounted for 42 per cent of total sales revenues of \$50.9m. However, NCR has ceased purchases of one model which accounted for 25 per cent of total 1979 sales, and Applied Digital has said that any "substantial" diminution of total sales to NCR could have an adverse effect on profitability.

For all of 1979, Applied Digital's profits came to \$4.79m—or 92 cents a share, down from \$1.23 a share previously—and for the first six months, to May 31, its earnings were cut from 45 cents a share to 28 cents.

Profits were under pressure from rising labour and material costs, increased research and development spending, and the start-up costs of expanded manufacturing facilities.

Fairchild in \$280m offer for VSI

By Our Financial Staff

FAIRCHILD INDUSTRIES, a major U.S. defence contractor and satellite communications group, it to take over VSI Corporation in a \$280m deal.

Fairchild is to offer \$45 cash for about 42.4 per cent of VSI's shares with the remainder of VSI's shares exchanged for a new Fairchild convertible preferred stock with a similar value to the cash element. The bid is subject to approval by the boards and shareholders of both companies.

VSI manufactures precision metal products including fastening systems for commercial and military aircraft. It also distributes hardware and electronic components. Aerospace activities accounted for about 27 per cent of its \$320m of sales in the year to June 30, 1979, and 37 per cent of the \$21.5m net profits.

Fairchild, which makes the A-10 close support aircraft for the U.S. Air Force as well as computer and executive aircraft and aircraft components and seats, achieved profits of \$40m in 1979.

AMERICAN QUARTERLIES

ALLIED STORES

	1980	1979
Second quarter	\$	\$
Revenue	4.4m	4.6m
Net profits	4.7m	8.1m
Net per share	0.23	0.40
Six months		
Revenue	9.6m	9.2m
Net profits	12.7m	20.5m
Net per share	0.61	1.00

ASSOCIATED DRY GOODS

	1980	1979
Second quarter	\$	\$
Revenue	4.0m	3.1m
Net profits	2.6m	800,000
Net per share	0.20	0.06
Six months		
Revenue	7.9m	7.7m
Net profits	5.2m	1.4m
Net per share	0.39	0.11

BECKMAN INSTRUMENTS

	1980	1979
Fourth quarter	\$	\$
Revenue	156.5m	126.4m
Net profits	11.3m	9.2m
Net per share	0.53	0.32
Six months		
Revenue	349.3m	326.7m
Net profits	36.5m	29.3m
Net per share	1.83	1.66

CONSOLIDATED RAIL

	1980	1979
Second quarter	\$	\$
Revenue	993.8m	1,040m
Net profits	138.12m	133.09m
Net per share	11.59	1.29
Six months		
Revenue	2,016m	1,946m
Net profits	112.88m	191.88m
Net per share	15.00	13.75

DETROIT EDISON

	1980	1979
Year	\$	\$
Revenue	1,720m	1,660m
Net profits	122.56m	124.57m
Net per share	1.92	1.29

HARDEE'S FOOD SYSTEMS

	1980	1979
Third quarter	\$	\$
Revenue	113.1m	96.2m
Net profits	1.6m	3.1m
Net per share	1.14	0.90
Six months		
Revenue	213.1m	256.7m
Net profits	10.84m	9.36m
Net per share	2.24	1.71

HARRIS CORPORATION

	1980	1979
Fourth quarter	\$	\$
Revenue	382.8m	301.7m
Net profits	23.18m	20.89m
Net per share	0.76	0.68
Six months		
Revenue	1,316m	1,078m
Net profits	79.58m	68.77m
Net per share	2.63	2.32

LEVITT FURNITURE

	1980	1979
Second quarter	\$	\$
Revenue	111.8m	131.8m
Net profits	2.54m	4.71m
Net per share	0.80	1.11

MARSHALL FIELD

	1980	1979
Second quarter	\$	\$
Revenue	206.9m	199.9m
Net profits	160.00m	157m
Net per share	0.16	0.15
Six months		
Revenue	403.1m	380.6m
Net profits	11.88m	1.97m
Net per share	0.19	0.19

PETROFINA CANADA

	1980	1979
Six months	\$	\$
Revenue	438.0m	365.0m
Net profits	38.8m	31.4m
Net per share	3.77	3.13

PUREX

	1980	1979
Fourth quarter	\$	\$
Revenue	177.7m	168.4m
Net profits	7.48m	8.66m
Net per share	0.66	0.77
Six months		
Revenue	644.4m	586.6m
Net profits	26.57m	24.94m
Net per share	2.36	2.20

SCM CORPORATION

	1980	1979
Fourth quarter	\$	\$
Revenue	480.7m	466.6m
Net profits	17.55m	16.42m
Net per share	1.81	1.71
Six months		
Revenue	1,839m	1,759m
Net profits	53.89m	47.35m
Net per share	5.55	4.98

SIMPSON-SEARS

	1980	1979
Six months	\$	\$
Revenue	1,260m	1,130m
Net profits	5.68m	10.34m
Net per share	0.07	0.14

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR	Issued	Bid	Offer	Day	Week	Yield
Argentina 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Brazil 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Canada 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
France 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Germany 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Italy 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Japan 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Spain 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Sweden 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Switzerland 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
UK 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
US 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75

U.S. DOLLAR	Issued	Bid	Offer	Day	Week	Yield
Argentina 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Brazil 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Canada 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
France 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Germany 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Italy 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Japan 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Spain 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Sweden 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
Switzerland 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
UK 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75
US 10% 1980	100	98 1/2	99 1/2	-1 1/2	0.13	8.75

FRANC		Change on		CONVERTIBLE		Crv. Cvn.		Chk.	
RIGHTS	Issued	Bid	Offer	day	Week	date	price	Bid	Offer
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	0.0
intine 5% 89	100	91 1/2	92 1/2	-1 1/2	0.50	7/20	1145	118	

WEST GERMAN ENGINEERING

GHH lifts payment as sales increase

BY KEVIN DONE IN FRANKFURT

GUTEHOFFNUNGSHUTTE (GHH), Europe's largest engineering group, is increasing its dividend payment from DM 6 to DM 7 as a result of its strong growth in the fiscal year ended June.

The group's turnover increased by 12 per cent to DM 15.2bn (\$8.5bn) pushed along in particular by the high level of demand for capital goods in the domestic market. Sales in West Germany rose

by 13.2 per cent to DM 8.2bn, while foreign sales increased by 10.6 per cent to DM 6.9bn. As a result, the share of exports and foreign production in group turnover fell slightly to 45.9 per cent from 46.4 per cent.

GHH had a 5.2 per cent increase in new orders in fiscal 1980 to DM 15.8bn, although it admits in a letter to shareholders that the rate at which it was securing business weakened considerably in the

last few months of the year.

The slackening of demand was noticeable in both domestic and foreign markets, although new work gained overseas was marked in particular by the lack of large-scale contracts.

The major boost to GHH's sales in the last 12 months came from its important subsidiary MAN, Maschinenfabrik Augsburg-Nürnberg, the truck and diesel motor manufacturer, and from steel trading.

The high level of activity achieved in the year allowed GHH to avoid short-time working in all sectors. The size of its workforce at the end of June had risen by 2.2 per cent to 86,118.

Despite the completion of several large contracts the value of the GHH order book at the end of June had risen by 4 per cent to DM 16bn from a year earlier. Some 67 per cent of the work is for foreign markets.

Dividend cut possible, Dresdner warns

By Our Frankfurt Correspondent

A CUT in Dresdner Bank's dividend this year was a definite possibility, despite some improvement in the bank's performance in recent weeks, Dr. Hans Friderichs, the bank's chief executive, warned.

Dresdner Bank's first-half operating result was down by one-third from a year earlier. Some improvement in the bank's profitability could be expected in the second half but there would be "no sensational" development.

Commerzbank, the third largest private commercial bank in the Federal Republic after the Deutsche and Dresdner banks, has already warned its shareholders that the bank's performance in the first half was insufficient to hold the dividend at last year's level.

Dr. Friderichs said that Dresdner Bank was striving in the medium-term to re-structure its deposit base in order to cut costs, while at the same time seeking greater flexibility in its credit business.

The strong expansion of the bank's business volume in recent years had been won at the price of a rapid growth in long-term loans.

It was inconceivable that the business could continue expanding at the tempo of the last few years. The bank was mounting a strong attack on its rising administration costs, and the size of the workforce was unlikely to grow at all this year.

Daimler to control Mevosa

BY ROBERT GRAHAM IN MADRID

DAIMLER-BENZ is to raise its interest in the Spanish light-vehicle manufacturer, Mevosa, to a controlling stake and will invest up to \$70m in the company. The move follows more than two years of negotiations between INI the Spanish state holding company, and Daimler-Benz.

INI, which currently holds 45 per cent of the equity, said it expected the deal would be formally approved by the end of September. Under the agreement Mevosa's capital of Pta 2,500m (\$36m) will be increased by Pta 420m but with INI waiving its subscription

rights, Daimler-Benz shareholding will increase from 45.6 per cent to 52 per cent.

The other main shareholders are Banco de Bilbao and Banco de Vizcaya. The Daimler-Benz stake could be higher if these other Spanish shareholders also waive their rights.

The full integration of Mevosa into the Daimler-Benz group is planned with about \$70m being spent over the next three years on its two plants in Barcelona and Vitoria.

Mevosa is the sole profit-making company controlled by INI in the automotive sector. Last year it had a net profit of Pta 492m on turnover of Pta 17.9bn, selling 13,000 light

vans and 12,000 diesel engines; 4,000 engines were exported. The company has the exclusive concession for the import of Mercedes cars.

INI has been seeking to integrate Mevosa with Daimler-Benz, believing the company has no future operating alone with the German company holding a 45 per cent stake.

The main problem has been INI's desire to ensure the future of the Sava light vehicle manufacturing operation run by Enasa. INI wanted to have this off to Mevosa but Daimler-Benz resisted. But when International Harvester agreed to take over Enasa earlier this year this problem was removed.

Sharp gain at Wilhelmsen

BY FAY GJETER IN OSLO

WILHELMSEN, Norway's largest shipping group, reports a sharp rise in profits for the first half of 1980. Operating profits have risen to Nkr 80m (\$16.5m) from the Nkr 18m achieved in the first half of last year and Nkr 66m for the whole of 1979.

The results reflect improved operating results by its liners, dry-cargo vessels and offshore division. The tanker market remains weak. One of Wilhelmsen's two supertankers was sold during the year at a "good profit," while the other has been laid up.

Freight earnings reached Nkr 1.29bn in the six months, compared with Nkr 1.02bn a year earlier. Liquidity was strengthened during the half-year by the supertanker sale.

Kosmos, another Norwegian shipping concern, also reports satisfactory earnings by its dry-cargo ships, but "weak" results from its tankers. Profit before allocations in the first half of this year reached Nkr 29.5m, compared with Nkr 82m for the whole of 1979.

Somewhat higher profits are expected during the current half-year, so the result for the

year as a whole will "probably be about the same" as last year. Ardal og Sunndal Verk (ASV), Norway's state-owned aluminium concern, reports sharply increased profits and turnover in the first half of 1980, compared with a year earlier, reflecting a continuing favourable market for the metal. Group sales reached Nkr 1.76bn, up Nkr 315m, while profit before allocations was Nkr 158m, compared with Nkr 95m.

Profits for the year as a whole are expected to be at least as high as for 1979.

Tandberg loss hits Norsk Data

By Our Oslo Correspondent

NORSK DATA, a young, expanding Norwegian electronics concern, lost Nkr 3.1m (\$640,000) in the first half of 1980, but expects to show a profit of more than Nkr 20m for the full year.

The half-year deficit reflected a loss of Nkr 6m by its subsidiary, Tandberg, which makes audio products and teaching aids.

Norsk Data acquired Tandberg a year ago following the bankruptcy of the former Tandberg company. ND's data division, however, reported a profit of Nkr 2.4m in the six months while orders booked increased 35 per cent from a year earlier to Nkr 130.1m.

Production of the company's new Nord-500 computer has been delayed, but is expected to start early next year.

Tandberg's turnover reached Nkr 63.3m in the half-year, Nkr 8.2m less than a year ago. The fall reflected poor demand for stereo products, particularly in the key U.S. and German markets.

French approve Sandvik bid for Eurotungstene

By Robert Mauthner in Paris

THE FRENCH authorities have approved the acquisition by Sandvik, the world's biggest producer of tungsten carbide, of 65 per cent of the capital of Eurotungstene, a subsidiary of the French metals group, Pechiney - Ugine - Kuhlmann which will retain a 35 per cent stake.

PUK has been trying for some time to sell Eurotungstene because it considered it too small to compete alone in the European market. An earlier attempt to sell it to Krupp, the West German steel giant, broke down because the German company wanted to close down one of the three Eurotungstene plants.

The Swedish group, one the other hand, has undertaken to close none of the factories which it has acquired and to invest FFr 20m-25m in Eurotungstene between 1980 and 1982.

Much more than PUK's investments in its subsidiary over the past three years. Eurotungstene, which specialises in the manufacture of long-duration cutting tools for mines, oil drills and other kinds of machinery, has not been doing very well over the past two years.

Sales in 1979 totalled FFr 344m, 48 per cent of which were exports, and it managed to break even following a loss of FFr 3m the previous year. The special alloys activities of Eurotungstene, mainly for military purposes, have been excluded from the deal with Sandvik and have been transferred to another PUK subsidiary, Cime Bocuze.

FAIRCLOUGH
Fairclough Construction Group Ltd

	6 months ended 30th June, 1980 £'000	6 months ended 30th June, 1979 £'000	12 months ended 31st December, 1979 £'000
Turnover	134,925	107,785	237,472
Profit before taxation	4,205	4,065	10,166
Profit after taxation	2,019	1,951	7,036
Earnings per ordinary share	4.60p	4.44p	16.03p
Dividend per ordinary share	1.65p	1.65p	4.00p

The charge for taxation for 1980 is estimated at 52% of accounting profit (1979-52%)

Points from the Statement of the Chairman, Mr. Oswald Davies, C.B.E., D.C.M.

- * Profits for the half-year show an improvement over the same period last year with a substantial contribution from overseas work.
- * Forward workload at the same level as beginning of the year despite the difficult conditions in the home market.
- * Our interests widened by purchase of shares in John Howard & Company, Limited and the purchase of 45% of the equity of Gulliver Consolidated Limited of Zimbabwe.
- * The Group is in good shape for the future with a strong liquid position.

Sandway House, Northwich, Cheshire. Telephone: Sandway 883895. Telex: 663708
CIVIL ENGINEERING • BUILDING • TUNNELLING • SURFACE MINING • STRUCTURAL
STEELWORK • MATERIALS HANDLING • MECHANICAL ENGINEERING

Israel Discount Bank Limited

Head Office: Tel-Aviv

Condensed Consolidated Balance Sheet as at 30th June, 1980

	US Dollars*** (in thousands)
ASSETS	
Cash and due from Banks	3,581,564
Government and Other Securities	576,489
Deposits with and loans to the Israel Government	1,508,478
Loans and Bills discounted	1,198,482
Loans in connection with deposits for loan purposes	911,585
Other Accounts	49,354
Bank premises, equipment and other property	43,838
Customers' Liabilities	314,488
Total Assets	\$8,184,278
LIABILITIES	
Deposits	5,588,057
Government and other Deposits for granting of loans	1,395,902
Debentures issued by subsidiaries	627,990
Other Accounts	73,226
Liabilities on account of customers	314,488
Total Liabilities	7,999,673
CAPITAL ACCOUNTS	
Capital Stock, Reserves and Surplus	117,122
Minority interest	7,699
Convertible Debentures issued by Subsidiary Company	1,069
Capital Notes**	58,715
Total Capital Accounts	184,605
Total Liabilities and Capital Accounts	\$8,184,278

*Including Barclays Discount Bank Ltd., The Israel Development and Mortgage Bank Ltd., The Mercantile Bank of India Ltd., Industrial Finance Bank Ltd., Manpikim—Discount Bank Issues Corporation Ltd., Israel Discount Trust Company, New York, and Discount Bank (Latin America) Montevideo.

**Including Unsubordinated Notes (US Dollars 50 million).

***The financial statements of the Banks included herein are stated in Israeli Pounds. This Condensed Statement has been arithmetically translated from Israeli Pounds into US Dollars at the official exchange rate prevailing on 30th June, 1980, 1ILS.08=US\$1.00, for the convenience of the reader.

Over 240 Branches throughout Israel.

UK Representative Office: 89 Duke Street, London W.1.

All of these securities having been sold, this announcement appears as a matter of record only.



New issue / August, 1980

1,000,000 Shares

Republic New York Corporation

Common Stock
(\$5 par value)

Salomon Brothers

Merrill Lynch White Weld Capital Markets Group

Morgan Stanley & Co.

The First Boston Corporation

Goldman, Sachs & Co.

Bache Halsey Stuart Shields

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Drexel Burnham Lambert

Keefe, Bruyette & Woods, Inc.

Kidder, Peabody & Co.

L. F. Rothschild, Unterberg, Towbin

Warburg Paribas Becker

M. A. Schapiro & Co., Inc.

Shearson Loeb Rhoades Inc.

Warburg Paribas Becker

Wertheim & Co., Inc.

Alex. Brown & Sons

A. G. Edwards & Sons, Inc.

A. G. Edwards & Sons, Inc.

Moseley, Hallgarten, Estabrook & Weeden Inc.

New Court Securities Corporation

New Court Securities Corporation

Oppenheimer & Co., Inc.

Thomson McKinnon Securities Inc.

Thomson McKinnon Securities Inc.

ABD Securities Corporation

Atlantic Capital

Basle Securities Corporation

Daiwa Securities America Inc.

EuroPartners Securities Corporation

Robert Fleming

Kleinwort, Benson

The Nikko Securities Co.

The Nikko Securities Co.

Nomura Securities International, Inc.

Yamaichi International (America), Inc.

Yamaichi International (America), Inc.

Cazenove Inc.

New Japan Securities International Inc.

New Japan Securities International Inc.

Nippon Kangyo Kakumaru International, Inc.

Sanyo Securities America Inc.

Sanyo Securities America Inc.

Credit Commercial de France

Pictet International Ltd.

All of these securities having been sold, this announcement appears as a matter of record only.

August 12, 1980

US-Home

1,000,000 Shares

U. S. Home Corporation

Common Stock

WARBURG PARIBAS BECKER

BACHE HALSEY STUART SHIELDS

THE FIRST BOSTON CORPORATION

BEAR, STEARNS & CO.

BLYTH EASTMAN PAINE WEBBER

DILLON, READ & CO. INC.

DONALDSON, LUFKIN & JENRETTE

DREXEL BURNHAM LAMBERT

GOLDMAN, SACHS & CO.

E. F. HUTTON & COMPANY INC.

KIDDER, PEABODY & CO.

LAZARD FRERES & CO.

LEHMAN BROTHERS KUHN LOEB

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

SALOMON BROTHERS

SHEARSON LOEB RHOADES INC.

SMITH BARNEY, HARRIS UPHAM & CO.

WERTHEIM & CO., INC.

DEAN WITTER REYNOLDS INC.

ANNOUNCEMENT

CHASE MANHATTAN LIMITED

WE ARE PLEASED TO ANNOUNCE THAT FROM MONDAY, SEPTEMBER 1, 1980 CHASE MANHATTAN LIMITED WILL BE MOVING INTO LARGER PREMISES ON THE EIGHTH FLOOR, WOOLGATE HOUSE, COLEMAN STREET, LONDON EC2P 2HD.

DETAILS ARE AS FOLLOWS:

CHASE MANHATTAN LIMITED
P.O. BOX 16, WOOLGATE HOUSE
COLEMAN STREET, LONDON EC2P 2HD
TELEPHONE: (01) 638 6999
TELEX: 886140 CMLTD G

Treasury - telephone (01) 606 2861

Eurobond Dealers - telephone (01) 600 6060; telex 8951893



CHASE

Registered office at above

New Issue

These Notes have been sold. This announcement appears as a matter of record only.

July 1980

U.S. \$150,000,000

Österreichische Kontrollbank Aktiengesellschaft

10% Guaranteed Notes due 1985
of which US\$50,000,000 have been issued as
the Initial Tranche

Guaranteed by

The Republic of Austria

Orion Bank Limited

European Banking Company Limited

S. G. Warburg & Co. Ltd.

Creditanstalt-Bankverein

Österreichische Länderbank Aktiengesellschaft

Alahli Bank of Kuwait K.S.C.
Algemeine Bank Nederland N.V.
A. E. Ames & Co. Limited
American Express Bank International Group
Amsterdam-Rotterdam Bank N.V.
Bache Halsey Stuart Shields Incorporated
Banca Commerciale Italiana
Banca del Gortardo
Banca di Roma
Banca Nazionale del Lavoro
Bank für Arbeit und Wirtschaft A.G.
Bank Guizwiller, Kurz, Bungeyer
(Overseas) Limited
Bank Leu International Ltd.
Bank Mees & Hope NV
Bank Morgan Labouchere N.V.
Bank of America International Limited
Bank of Helsinki Ltd.
Bankers Trust International Limited
Banque Bruxelles Lambert S.A.
Banque Continentale du Luxembourg
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neufchâteau, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Louis-Dreyfus
Banque Nationale de Paris
Banque Rothschild
Banque Worms
Barings Brothers & Co., Limited
Bavaria International Group
Bayerische Hypothek- und Wechsel-
Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Bergens Bank
Berliner Handels- und Frankfurter Bank
Blyth Eastman Paine Webber International
Limited
Breitach Pischhof Schöller
Bankmanagementgesellschaft
B.S.I. Underwriters Limited
Caisse des Dépôts et Consignations
Cazenove & Co.
Centrale Rabobank
Chase Manhattan Limited
Chemical Bank International Group
Christiania Bank og Kreditkasse
Citicorp International Group
Commerzbank Aktiengesellschaft
Compagnie de Banque et d'Investissements
(Underwriters) S.A.
Continental Illinois Limited
Copenhagen Handelsbank

County Bank Limited
Crédit Agricole
Crédit Commercial de France
Crédit du Nord
Crédit Industriel d'Alsace et de Lorraine
Crédit Industriel et Commercial
Crédit Lyonnais
Crédito Italiano
Daiva Europe N.V.
Richard Daus & Co. Bankiers
vormals Hans W. Petersen
Den Danske Bank af 1871 Aktieselskab
Den norske Creditbank
Deutsche Girozentrale
Deutsche Kommunalbank
The Development Bank of Singapore
Bank Morgan Labouchere N.V.
DG BANK Deutsche Genossenschaftsbank
Dillon, Read Overseas Corporation
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Effektenbank-Warburg Aktiengesellschaft
Eurasia S.p.A.
Eurobank
Europartners Securities Corporation
Robert Fleming & Co. Limited
Fuji International Finance Limited
F. van Lanschot Bankiers NV
Gefina International Ltd.
Genossenschaftliche Zentralbank AG,
Vienna
Antonv Gibbs Holdings Ltd.
Girozentrale und Bank der österreichischen
Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groenlandsche Incorporated
Groupement des Banquiers Prives Genevois
Hambro Bank Limited
Handelsbank N.V. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
IBJ International Limited
The Industrial Bank of Kuwait K.S.C.
Intra Investment Co. S.A.L.
Jardine Fleming & Company Limited
Kansallis-Osake-Pankki
Kjeller, Peabody International Limited
Njohenhavns Handelsbank
Kleinwort, Benson Limited
Kreditbank N.V.
Kuhn, Loeb Lehman Brothers
International Inc.
Kuwait Foreign Trading Contracting &
Investment Co. (S.A.K.)
Kuwait Investment Company (S.A.K.)

Lazard Brothers & Co., Limited
Lazard Frères et Cie
LTCB International Limited
Manufacturers Hanover Limited
McLeod Young Weir International Limited
Merrill Lynch International & Co.
Mitsubishi Bank (Europe) S.A.
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd.
Morgan Stanley International
The National Bank of Kuwait S.A.K.
Nederlandsche Middenstandsbank N.V.
Nederlandsche Credietbank N.V.
Nesbitt Thomson Limited
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Norddeutsche Landesbank Girozentrale
Nordic Bank Limited
Sal. Oppenheim jr. & Cie
Orion Pacific Limited
Österreichisches Credit-Institut,
Aktiengesellschaft
Preterbroek, Van Campenhout Kempen S.A.
Pierson, Hiddingh & Pierson N.V.
Postbank
Privatbanken A/S
Rothschild Bank A.G.
N. M. Rothschild & Sons Limited
The Royal Bank of Canada (London)
Limited
Salomon Brothers International
Scandinavisk Bank Limited
Schoeller & Co. Bankaktiengesellschaft
J. Henry Schroder Wagg & Co. Limited
Skandinaviska Enskilda Banken
N.V. Slavenburg's Bank
Smith Barney, Harris Upham & Co.
Incorporated
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Sparbankernas Bank
Strauss, Turnbull & Co.
Sumitomo Finance International
Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited
Union Bank of Finland Ltd.
Union Bank of Switzerland (Securities)
Limited
Verbinds- und Westbank Aktiengesellschaft
Vontobel & Co.
Wardley Limited
Westdeutsche Landesbank Girozentrale
WestLB Asia Limited
Dean Witter Reynolds International
Yamaichi International (Europe) Limited

Companies
and Markets

INTL. COMPANIES & FINANCE

TOYOTA MOTOR COMPANY

Export jump brings record earnings

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR Company, Japan's largest car manufacturer, has reported record earnings for its financial year ended June 30, helped by a sharp increase in exports and exchange gains arising from the yen's weakening in the foreign exchange market.

Toyota's operating profits climbed 47 per cent to ¥291.58bn. Net profits advanced by 40.7 per cent to ¥143.37bn (\$641m) on sales of ¥3,310bn (\$14.8bn), up 18.1 per cent. Per share profits moved up to ¥85.65 from ¥66.27.

Motor vehicle sales totalled 3,248,271 units, to show a gain of 13.6 per cent. Of this total, passenger cars accounted for 2,273,201 units, up 11.8 per cent, and trucks and buses for

973,945, up 17.9 per cent. Exports, amounting to 51.7 per cent of the total, advanced by 473,974 units, or 39.3 per cent. Car sales in the domestic market, however, fell by 85,232 units, or 5.2 per cent.

Exports to North and South America rose 31.0 per cent, to account for 49 per cent of total exports, those to Europe 32.5 per cent (to 17.8 per cent), to the Middle East 49.4 per cent (to 16 per cent), while the export growth to Saudi Arabia was 55 per cent, bringing the Saudi share of the total to 7.9 per cent.

Operating profits were boosted by ¥90bn of exchange gains. Labour and raw material cost increases were among factors restraining the profit

Toyota Motor is known for its strong internal cash reserves and non-borrowing policy. The company used its surplus funds to acquire shares in affiliated companies and placed funds in debentures and in the certificates of deposit market.

Revenue from operations in debentures markets totalled ¥27.3bn and interest received amounted to ¥31.4bn. Financial revenue, exceeding ¥60bn, was much higher than at Japan's top city banks. As a result, the company's equity ratio reached 57.4 per cent. For the current fiscal year, ending June, 1981, the company expects sales to reach ¥3,500bn, with car sales of 3.45m units (1.72m at home and 1.73m overseas).

However, the company sees various factors restricting earnings: keen competition in the domestic market; trade problems; a U.S. tariff increase on small trucks; falling export profitability because of exchange rate fluctuations, and price increases on raw materials. The company expects, nevertheless, to maintain earnings this year at last year's level.

Toyota is going ahead with capital investment expenditure, primarily for the development of new technology and new models, in order to cope with forthcoming international small car competition. Toyota's capital outlays for the current financial year will total ¥240bn, or 60 per cent more than last year's.

Sydney bank increases dividend

By James Forth in Sydney

THE COMMERCIAL Banking Company of Sydney has increased its dividend, following a 35 per cent rise in the group profit, from A\$26m to A\$35.39m (U.S.\$40.9m) in the year to June. The result is the third successive increase in earnings, and continues the recovery from the property-induced problems of the banks finance company offshoot, Commercial and General Acceptance (CAGA).

Banking operations brought the CBE earnings of A\$31.35m, an increase of A\$7.74m, which was largely the result of an increased amount of funds held which did not attract interest, organisational change, and growth in balance sheet totals. But the directors cautioned that the outlook for banking operations in the current year was "cloudy." Growth was likely to be less than that of 1979-80, and margins were under pressure.

The annual dividend is raised from 16.5 cents to 19 cents a share. It is covered by earnings of 78.9 cents, compared with 58.5 cents for the previous year. A further reduction in CAGA's problem loans, from A\$77.4m to A\$66m, helped the financier to a more than doubling of profits, at A\$4m.

First-half rise for HK Bank

BY PHILIP SOWRING IN HONG KONG

THE Hongkong and Shanghai Banking Corporation increased its attributable net profit, after transfers to hidden reserves, by 13.9 per cent to HK\$514m (U.S.\$104m) in the six months to June. An interim dividend of 18 cents per share has been declared, compared with the previous 24 cents, on capital increased by a three-for-five scrip issue. The underlying dividend

increase is 20 per cent. Earnings per share rose by 17.9 per cent to HK\$0.46. Net profits for all of 1979 came to HK\$1.01bn.

Last week, the Hang Seng Bank, a subsidiary of the HK Bank, reported a 30 per cent first-half profit increase.

The bank said that high rates of inflation and a slowdown in

the major economies had led to a smaller increase in profits in the first half of 1980, as compared with the same period a year earlier.

The bank forecasts a final dividend of not less than 36 cents for this year making a total of 54 cents, an adjusted 17 per cent increase over 1979.

See Lex

OCBC follows Singapore trend

By George Lee in Singapore

OVERSEA-CHINESE Banking Corporation (OCBC), one of the "big four" Singapore banks, has reported a 44.6 per cent rise in group profit to S\$37.4m (US\$17.8m) for the half year to June.

The rise in profit is in line with the growth trend of the major Singapore banks. The other three major Singapore banks — the Development Bank of Singapore, the United Overseas Bank and the Overseas Union Bank — chalked up growth rates slightly over 50 per cent.

Citicorp Overseas Finance Corporation Limited

(Incorporated with limited liability in the British Virgin Islands)

US\$300,000,000

Guaranteed Floating Rate Notes due 1983

Unconditionally guaranteed by

CITICORP

In accordance with the terms and conditions of the above-mentioned Notes and the Agent Bank Agreement dated as of August 20, 1979, between Citicorp Overseas Finance Corporation Limited and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 11 1/2% per annum and that the interest payable on the relevant Interest Payment Date, namely November 28, 1980, in respect of US\$10,000 nominal of the Notes will be US\$295.47.

August 27, 1980

By: Citibank, N.A., London, Agent Bank

CITIBANK

Gamble-Skogmo, Inc.

has been acquired by

Wickes Companies, Inc.

We initiated this transaction, assisted in the negotiations on behalf of Gamble-Skogmo, Inc., and served as its financial adviser.

WARBURG PARIBAS BECKER

INCORPORATED

A.G. BECKER INCORPORATED

August 1980

EUROPE

All these securities have been sold. This announcement appears as a matter of record only.

Not a New Issue

1,920,000 Shares

Rowan Companies, Inc.

\$2.4375 Cumulative Convertible Preferred Stock, Series A

Convertible into Common Stock at the rate of 1.128712 shares of Common Stock
for each share of Preferred Stock

Smith Barney, Harris Upham & Co.

Lehman Brothers Kuhn Loeb

Bache Halsey Stuart Shields

The First Boston Corporation

Bear, Stearns & Co.

Blyth Eastman Paine Webber

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Drexel Burnham Lambert

Goldman, Sachs & Co.

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

Merrill Lynch White Weld Capital Markets Group

L. F. Rothschild, Unterberg, Towbin

Salomon Brothers

Shearson Loeb Rhoades Inc.

Warburg Paribas Becker

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

ABD Securities Corporation

Atlantic Capital

Basle Securities Corporation

EuroPartners Securities Corporation

Robert Fleming

Hudson Securities, Inc.

Kleinwort, Benson

New Court Securities Corporation

Cazenove Inc.

Algemeine Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Bayerische Vereinsbank

Caisse des Dépôts et Consignations

Copenhagen Handelsbank

Hessische Landesbank

Samuel Montagu & Co. Ltd.

Morgan Grenfell & Co.

Pictet International Ltd.

Privatbanken

Société Générale de Banque S.A.

Vereins- und Westbank

August 22, 1980

مكتبة الشامل



The National Bank of Kuwait S.A.K.



The Gulf Bank K.S.C.

July 1980

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling was firm for most of the day in the foreign exchange market, and advanced strongly towards the close on news that Texaco had discovered more oil in the UK sector of the North Sea. The pound's trade-weighted index against a basket of currencies on the Bank of England figures, rose to a 5-year high of 75.8 from 75.7, after opening at 75.8 and easing to 75.7 at noon. Sterling began at \$2.3710-2.3720, and eased to \$2.3695-2.3705 in early trading, the lowest level of the day. By midday it had picked up to \$2.3715-2.3725, and remained around that level until the announcement from Texaco sent the pound to a peak of \$2.3810-2.3820. It closed at \$2.3795-2.3805, a rise of 1.40 cents from Friday, and 1.15 cents from the New York close on Monday.

The dollar showed little change in general, despite a weakness against the Japanese yen, where it fell to ¥213.30 from ¥223.75 in London on Friday, and ¥233.15 in New York on Monday. The U.S. currency finished at DM 1.8020 in terms of the D-Mark, compared with DM 1.8075 on Friday, and DM 1.8040 on Monday, and at SwFr 1.6625 against the Swiss franc, compared with SwFr 1.6750 in London before the long weekend and SwFr 1.6672 in the U.S. on Monday.

The dollar index, as calculated by the Bank of England, fell to 84.3 from 84.8 on Friday, and its depreciation, according to Morgan Guaranty in New York, widened to 0.4 per cent from 0.2 per cent on Monday.

D-MARK—One of the members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency. The D-mark

THE POUND SPOT AND FORWARD									
Aug. 26	Day's spread	Close	One month	%	Three months	%	Aug. 26	Day's spread	Close
U.S.	2.3695-2.3720	2.3715-2.3725	1.37-1.37 1/2	pm	6.52-6.55	2.85	U.S.	2.3695-2.3720	2.3715-2.3725
Canada	2.7440-2.7500	2.7470-2.7500	1.75-1.75 1/2	pm	7.40-7.45	2.85	Canada	2.7440-2.7500	2.7470-2.7500
Netherlands	4.65-4.68	4.67-4.68	3-3 1/2	pm	6.41-6.45	2.85	Netherlands	4.65-4.68	4.67-4.68
Belgium	88.40-88.75	88.50-88.75	30-30 1/2	pm	4.37-4.40	2.85	Belgium	88.40-88.75	88.50-88.75
Denmark	13.12-13.25	13.23-13.24	1-1 1/2	pm	1.52-1.55	2.85	Denmark	13.12-13.25	13.23-13.24
Ireland	1.1310-1.1350	1.1345-1.1355	0.15-0.20	dis	1.85-1.90	2.85	Ireland	1.1310-1.1350	1.1345-1.1355
W. Ger.	4.27-4.30	4.28-4.29	3-3 1/2	pm	6.75-6.80	2.85	W. Ger.	4.27-4.30	4.28-4.29
Portugal	112.00-112.00	112.00-112.00	40-40 1/2	dis	1.25-1.30	2.85	Portugal	112.00-112.00	112.00-112.00
Spain	172.35-173.25	172.70-173.20	40-40 1/2	dis	1.25-1.30	2.85	Spain	172.35-173.25	172.70-173.20
Italy	2029-2039	2037-2038	20-20 1/2	dis	16.19-17.04	2.85	Italy	2029-2039	2037-2038
Norway	11.53-11.57	11.55-11.56	0-0 1/2	pm	6.42-6.45	2.85	Norway	11.53-11.57	11.55-11.56
France	5.53-5.55	5.54-5.55	5-5 1/2	pm	6.42-6.45	2.85	France	5.53-5.55	5.54-5.55
Sweden	5.93-5.95	5.94-5.95	5-5 1/2	pm	6.42-6.45	2.85	Sweden	5.93-5.95	5.94-5.95
Japan	520-525	521-522	2.50-2.50	pm	5.52-5.55	2.85	Japan	520-525	521-522
Austria	30.27-30.42	30.35-30.40	10-10 1/2	pm	6.52-6.55	2.85	Austria	30.27-30.42	30.35-30.40
Switzerland	3.94-3.97	3.95-3.96	4-4 1/2	pm	6.42-6.45	2.85	Switzerland	3.94-3.97	3.95-3.96

THE DOLLAR SPOT AND FORWARD									
Aug. 26	Day's spread	Close	One month	%	Three months	%	Aug. 26	Day's spread	Close
U.K.	2.3695-2.3720	2.3715-2.3725	1.37-1.37 1/2	pm	6.52-6.55	2.85	U.K.	2.3695-2.3720	2.3715-2.3725
Ireland	2.070-2.080	2.075-2.080	0.30-0.30 1/2	pm	4.87-4.90	2.85	Ireland	2.070-2.080	2.075-2.080
Canada	1.1575-1.1601	1.1581-1.1596	0.08-0.08 1/2	pm	0.46-0.47	2.85	Canada	1.1575-1.1601	1.1581-1.1596
Netherlands	1.932-1.937	1.933-1.934	0.05-0.05 1/2	dis	0.52-0.52 1/2	2.85	Netherlands	1.932-1.937	1.933-1.934
Belgium	28.33-28.34	28.33-28.35	31-31 1/2	dis	1.75-1.75 1/2	2.85	Belgium	28.33-28.34	28.33-28.35
Denmark	5.570-5.575	5.570-5.575	1-1 1/2	pm	1.52-1.55	2.85	Denmark	5.570-5.575	5.570-5.575
W. Ger.	1.8005-1.8070	1.8015-1.8025	0.32-0.32 1/2	pm	6.75-6.80	2.85	W. Ger.	1.8005-1.8070	1.8015-1.8025
Portugal	49.83-49.88	49.85-49.90	13-13 1/2	dis	1.25-1.30	2.85	Portugal	49.83-49.88	49.85-49.90
Spain	72.70-72.75	72.75-72.78	70-70 1/2	dis	1.25-1.30	2.85	Spain	72.70-72.75	72.75-72.78
Italy	85.00-85.00	85.00-85.00	16-16 1/2	dis	16.19-17.04	2.85	Italy	85.00-85.00	85.00-85.00
Norway	4.820-4.825	4.820-4.825	0.10-0.10 1/2	pm	6.42-6.45	2.85	Norway	4.820-4.825	4.820-4.825
France	4.1870-4.1885	4.1870-4.1885	0.42-0.42 1/2	pm	6.42-6.45	2.85	France	4.1870-4.1885	4.1870-4.1885
Sweden	4.1805-4.1815	4.1805-4.1815	0.42-0.42 1/2	pm	6.42-6.45	2.85	Sweden	4.1805-4.1815	4.1805-4.1815
Japan	215.50-221.40	215.10-219.25	0.10-0.25	pm	5.52-5.55	2.85	Japan	215.50-221.40	215.10-219.25
Austria	12.76-12.78	12.76-12.77	Par-0.70	pm	6.52-6.55	2.85	Austria	12.76-12.78	12.76-12.77
Switzerland	1.6800-1.6700	1.6820-1.6830	Par-0.70	pm	6.42-6.45	2.85	Switzerland	1.6800-1.6700	1.6820-1.6830

CURRENCY MOVEMENTS									
Aug. 26	Bank of England Index	Morgan Guaranty	Aug. 22	Bank rate	Special	Aug. 22	Bank rate	Special	Aug. 22
Sterling	75.8	-30.0	Sterling	10	0.559427	0.559253	Sterling	10	0.559427
U.S. dollar	84.3	-8.4	U.S. dollar	10	1.30754	1.40168	U.S. dollar	10	1.30754
Canada	128.26	-12.7	Canada	10	1.51681	1.68918	Canada	10	1.51681
Australian dollar	155.4	+24.2	Australian dollar	10	1.15100	1.25055	Australian dollar	10	1.15100
Belgian franc	115.3	+13.4	Belgian franc	10	87.8204	90.8478	Belgian franc	10	87.8204
Dutch guilder	108.6	+10.6	Dutch guilder	10	1.28197	1.31114	Dutch guilder	10	1.28197
French franc	154.0	+43.7	French franc	10	2.25189	2.32130	French franc	10	2.25189
Swiss franc	156.2	+78.6	Swiss franc	10	2.57063	2.75501	Swiss franc	10	2.57063
Italian lira	120.7	+19.7	Italian lira	10	1.12154	1.20230	Italian lira	10	1.12154
Japanese yen	213.3	-12.7	Japanese yen	10	2.28458	2.31416	Japanese yen	10	2.28458
West German mark	154.0	+43.7	West German mark	10	1.15100	1.25055	West German mark	10	1.15100
Portuguese escudo	49.8	-13.2	Portuguese escudo	10	1.25-1.30	2.85	Portuguese escudo	10	1.25-1.30
Spanish peseta	72.7	-70.1	Spanish peseta	10	1.25-1.30	2.85	Spanish peseta	10	1.25-1.30
Norwegian krone	4.8	-0.1	Norwegian krone	10	6.42-6.45	2.85	Norwegian krone	10	6.42-6.45
Swedish krona	4.2	-0.1	Swedish krona	10	6.42-6.45	2.85	Swedish krona	10	6.42-6.45
Austrian schilling	12.8	-0.1	Austrian schilling	10	6.52-6.55	2.85	Austrian schilling	10	6.52-6.55
Swiss franc	156.2	+78.6	Swiss franc	10	2.57063	2.75501	Swiss franc	10	2.57063
Japanese yen	213.3	-12.7	Japanese yen	10	2.28458	2.31416	Japanese yen	10	2.28458
West German mark	154.0	+43.7	West German mark	10	1.15100	1.25055	West German mark	10	1.15100
Portuguese escudo	49.8	-13.2	Portuguese escudo	10	1.25-1.30	2.85	Portuguese escudo	10	1.25-1.30
Spanish peseta	72.7	-70.1	Spanish peseta	10	1.25-1.30	2.85	Spanish peseta	10	1.25-1.30
Norwegian krone	4.8	-0.1	Norwegian krone	10	6.42-6.45	2.85	Norwegian krone	10	6.42-6.45
Swedish krona	4.2	-0.1	Swedish krona	10	6.42-6.45	2.85	Swedish krona	10	6.42-6.45
Austrian schilling	12.8	-0.1	Austrian schilling	10	6.52-6.55	2.85	Austrian schilling	10	6.52-6.55

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES										
Aug. 26	£	\$	Aug. 26	£	\$	Aug. 26	£	\$	Aug. 26	
Argentine peso	4506-4556	1900-1907	Australia dollar	2.0430-2.0470	0.8630-0.8655	Austria	13.12-13.25	1.1345-1.1355	Belgium	28.33-28.34
Brazil cruzeiro	129.26-130.28	54.605-54.808	Denmark	5.570-5.575	1.52-1.55	Canada	1.1575-1.1601	1.1581-1.1596	France	4.1870-4.1885
Finland markka	8.70-8.72	4.27-4.28	France	4.1870-4.1885	4.1870-4.1885	Germany	4.27-4.30	4.28-4.29	Italy	85.00-85.00
Greek drachma	101.54-103.88	42.75-42.95	Italy	85.00-85.00	16.19-17.04	Japan	215.50-221.40	215.10-219.25	Netherlands	1.932-1.937
Hong Kong dollar	11.74-11.75	4.940-4.951	Netherlands	1.932-1.937	1.933-1.934	Norway	4.820-4.825	4.820-4.825	Portugal	49.83-49.88
Iran Rial	0.633-0.639	0.267-0.2678	Norway	4.820-4.825	4.820-4.825	Spain	72.70-72.75	72.75-72.78	Sweden	4.1805-4.1815
Kuwait Dinar	0.633-0.639	0.267-0.2678	Sweden	4.1805-4.1815	4.1805-4.1815	Switzerland	1.6800-1.6700	1.6820-1.6830	Switzerland	1.6800-1.6700
Luxembourg Franc	86.60-86.70	2.14-2.15	Switzerland	1.6800-1.6700	1.6820-1.6830	U.S. dollar	2.3695-2.3720	2.3715-2.3725	U.S. dollar	2.3695-2.3720
Malaysia dollar	2.360-2.365	1.080-1.081	U.S. dollar	2.3695-2.3720	2.3715-2.3725	West German mark	154.0-154.5	43.7-43.8	West German mark	154.0-154.5
New Zealand dollar	42.40-42.45	1.080-1.081	West German mark	154.0-154.5	43.7-43.8	Yugoslav dinar	6.71-6.72	3.680-3.695	Yugoslav dinar	6.71-6.72
Saudi Arab Riyal	7.83-7.89	2.150-2.155	Yugoslav dinar	6.71-6.72	3.680-3.695					
Singapore dollar	2.050-2.055	0.863-0.865								
South African Rand	8.70-8.71	3.680-3.695								
U.A.E. Dirham	6.71-6.72	3.680-3.695								

Rate given for Argentina is true rate.

EMS EUROPEAN CURRENCY UNIT RATES									
Aug. 26	ECU	Currency amounts	% change from central rate	% change from divergence	Divergence limit %	Aug. 26	ECU	Currency amounts	% change from central rate
Belgian franc	33.7887	40.5277	+1.95	+0.55	-1.53	Belgian franc	33.7887	40.5277	+1.95
Danish krone	7.2238	7.2096	+1.12	-0.08	-1.53	Danish krone	7.2238	7.2096	+1.12
German D-Mark	2.4828	2.5328	+1.90	+0.70	-1.125	German D-Mark	2.4828	2.5328	+1.90
French franc	6.5470	5.8244	+0.87	-0.83	-1.387	French franc	6.5470	5.8244	+0.87
Dutch guilder	2.7452	2.7580	+0.47	+0.47	-1.512	Dutch guilder	2.7452	2.7580	+0.47
Irish punt	0.6620	0.70452	+0.34	-0.36	-1.512	Irish punt	0.6620	0.70452	+0.34
Italian lire	1157.79	1202.23	+3.84	+2.75	-2.408	Italian lire	1157.79	1202.23	+3.84

EXCHANGE CROSS RATES									
Aug. 26	Pound Sterling	U.S. Dollar	Deutsche Mark	Japan's Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar
Pound Sterling	1.0000	2.3800	4.2900	522.00	9.9600	3.9500	4.6700	805.00	3.7500
U.S. Dollar	0.4200	1.0000	1.8000	219.00	4.1800	1.6600	1.9600	886.00	1.1500
Deutsche Mark	0.2350	0.5550	1.0000	181.70	2.5900	0.9900	1.0900	475.10	0.6400
Japan's Yen	1.9100	4.6500	8.2100	100.00	19.00	7.5500	8.9600	590.40	5.3800
French Franc	1.0000	2.3800	4.2900	522.00	1.00	3.9700	4.6700	805.00	6.6800
Swiss Franc	0.2550	0.6000	1.0800	151.90	0.2510	1.1200	1.2500	0.6900	1.7300
Dutch Guilder	0.2140	0.5090	0.9170	111.60	0.2110	0.9400	1.0000	0.5900	1.4500
Italian Lira	0.4900	1.1650	2.1000	856.10	0.4890	1.9400	2.2900	1.5500	35.6800
Canada Dollar	0.3650	0.8650	1.5560	189.30	0.3610	1.4350	1.6900	759.10	1.0000
Belgian Franc	1.4570	3.6470	6.2490	760.40	1.4520	5.7650	6.8100	4.0170	10.0000

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 26)									
3 months U.S. dollars	6 months U.S. dollars	3 months U.S. dollars	6 months U.S. dollars	3 months U.S. dollars	6 months U.S. dollars	3 months U.S. dollars	6 months U.S. dollars	3 months U.S. dollars	6 months U

EEC record demand for soya meal

NEW SUPPLIES of soyabean meal in the EEC and Spain rose 20 per cent to a record 4.54m tonnes in the April-June quarter this year, the Hamburg-based weekly "Oil World" says reports Reuters.

The higher-than-expected increase reflects the price attractiveness of soyabean meal since last February, relative both to last season's prices and to competing meals, the magazine says.

Oil World notes U.S. soyabean meal prices of Rotterdam were on average from \$16 to \$43 per tonne lower in April-June than in the same 1979 period.

But nearly all competing oil meals, particularly cotton extraction pellets, groundnut extraction pellets, copra extraction pellets and palm kernel expeller, were \$15 to \$30 above the same 1979 period.

A fall in supplies of eight other oilmeals to 1.78m tonnes in April-June, mainly due to lower cotton and groundnut supplies, also contributed to the surge in soyabean demand.

Irish foot and mouth scare

THE Irish Republic's livestock industry waited anxiously yesterday to see whether a foot-and-mouth disease scare was confirmed.

All livestock movements within a five-mile radius of a farm near Tallamore, County Offaly, were at a standstill because of the scare. Two animals are suspected of having the disease, which has not occurred in Ireland since 1941.

Crofters angry at exclusion

By Our Commodities Staff

SCOTTISH CROFTERS are angry that most of them have been excluded from the EEC's new suckler cow premium scheme. At a meeting of the Scottish National Farmers' Union's crofters' committee last week they claimed income criteria excluded 90 per cent of their number from receiving payments under the scheme, which is intended to encourage production of beef rather than milk.

The union plans to make urgent representations to the Government to have this condition changed.

Hope fades for early U.S. copper workers settlement

BY OUR COMMODITIES STAFF

HOPES are not high for an early settlement of the U.S. copperworkers' labour dispute which has halted supplies to many customers.

Talks going on between the workers' union, the United Steelworkers of America, and the companies affected are reported to have made some progress but there has been mainly on local issues, not on the basic economic questions.

The strike, now in its ninth week, is centred on a demand by the companies that the unions forego a cost of living increase due under the last contract before negotiating a new one.

Latest assessments suggest that a settlement is unlikely before mid-September though talks are currently going on between the union and Phelps Dodge Corporation and Anaconda Company. Kennecott, the biggest company involved, held talks with the union last week.

Even if one of the companies reached a settlement it might take a few weeks for the others to follow suit and a further six to eight weeks would be required for full production to be resumed.

From Lusaka, meanwhile, the official Zambian news agency reported that labour unrest is growing among copper miners.

Mr. David Mwila, chairman of the Mineworkers' Union of Zambia, has said that the union will "hit where it hurts most" if employers persist in ignoring union demands for a new production bonus scheme, a better job evaluation system, and improved pension schemes.

So far the two leading state-controlled mining companies, Nchanga Consolidated Copper Mines and Roan Consolidated Mines, have offered only minor concessions.

Workers at one mine have threatened to go on strike early next month if no action on the demands is forthcoming.

On the London Metal Exchange, however, there was little reaction to labour developments in the copper industry. The cash copper wirebars price gained \$8 to \$851 a tonne, but this was seen mainly as a reaction against last week's sharp fall rather than as a national commitment.

A one-time rice importer, the Philippines has become a net exporter since 1978.

Last month, rice exports earned \$4.39m for the country.

The action taken against Iran was in response to a request from the U.S. which has imposed a trade embargo against the Tehran government.

In the case of the ban on rice exports to South Africa, this is in accordance with a UN resolution condemning the apartheid policy in that country.

Philippine trade with Iran has been in decline since about a year ago when the latter stopped selling crude oil to the Philippines in protest against the Manila government's policy on Muslim Filipinos. Previously the Philippines was exporting sugar, cement, fruits and rice to Iran.

There has been very little trade between the Philippines and South Africa and the latest ban is not unprecedented. Over a year ago, importation of South African sardines was stopped by the Government, instancing the same UN resolution.

The rice is AAA 1 super broken grade and delivery will start in January, 1981, with each lot ranging between 25,000 to 30,000 tonnes, he added.

Mr. Manila correspondent writes: The Philippines Government has announced a ban on the exportation of rice to Iran and South Africa—in line, it said, with the country's "international commitments."

Other purchases last year included 30,000 tonnes of sorghum, 150,000 tonnes of soyabean and 30,000 tonnes of soyabean oil.

In Bangkok meanwhile the Thailand foreign trade department said it had agreed in principle to sell Senegal between 150,000 and 200,000 tonnes of rice on a government-to-government basis for delivery next year. Mr. Baij Issarassane, director-general of the department, said. A Senegalese team headed by Mr. Mustafa Tal, director of the Office of the Ministry of Commerce arrived last week on a buying mission.

The rice is AAA 1 super broken grade and delivery will start in January, 1981, with each lot ranging between 25,000 to 30,000 tonnes, he added.

Mr. Manila correspondent writes: The Philippines Government has announced a ban on the exportation of rice to Iran and South Africa—in line, it said, with the country's "international commitments."

Other purchases last year included 30,000 tonnes of sorghum, 150,000 tonnes of soyabean and 30,000 tonnes of soyabean oil.

In Bangkok meanwhile the Thailand foreign trade department said it had agreed in principle to sell Senegal between 150,000 and 200,000 tonnes of rice on a government-to-government basis for delivery next year. Mr. Baij Issarassane, director-general of the department, said. A Senegalese team headed by Mr. Mustafa Tal, director of the Office of the Ministry of Commerce arrived last week on a buying mission.

The rice is AAA 1 super broken grade and delivery will start in January, 1981, with each lot ranging between 25,000 to 30,000 tonnes, he added.

Mr. Manila correspondent writes: The Philippines Government has announced a ban on the exportation of rice to Iran and South Africa—in line, it said, with the country's "international commitments."

Other purchases last year included 30,000 tonnes of sorghum, 150,000 tonnes of soyabean and 30,000 tonnes of soyabean oil.

In Bangkok meanwhile the Thailand foreign trade department said it had agreed in principle to sell Senegal between 150,000 and 200,000 tonnes of rice on a government-to-government basis for delivery next year. Mr. Baij Issarassane, director-general of the department, said. A Senegalese team headed by Mr. Mustafa Tal, director of the Office of the Ministry of Commerce arrived last week on a buying mission.

The rice is AAA 1 super broken grade and delivery will start in January, 1981, with each lot ranging between 25,000 to 30,000 tonnes, he added.

Mr. Manila correspondent writes: The Philippines Government has announced a ban on the exportation of rice to Iran and South Africa—in line, it said, with the country's "international commitments."

Other purchases last year included 30,000 tonnes of sorghum, 150,000 tonnes of soyabean and 30,000 tonnes of soyabean oil.

In Bangkok meanwhile the Thailand foreign trade department said it had agreed in principle to sell Senegal between 150,000 and 200,000 tonnes of rice on a government-to-government basis for delivery next year. Mr. Baij Issarassane, director-general of the department, said. A Senegalese team headed by Mr. Mustafa Tal, director of the Office of the Ministry of Commerce arrived last week on a buying mission.

European sugar cut forecast

RAITZBURG — West German sugar statistician, F. O. Licht, expects 1980-81 European sugar production to fall to 28,440,000 tonnes compared with 28,964,000 tonnes in 1979-80.

Total West European output in 1980-81 was put at 16,250,000 tonnes against 16,833,000 in 1979-80, with EEC production forecast at 12,185,000 tonnes against 12,954,000. Licht put East European at 12,190,000 tonnes against 12,081,000 in 1979-80.

French 1980-81 output was forecast at 4,150,000 tonnes compared with 4,313,000 in 1979-80. West Germany's at 2,750,000 tonnes (3,058,000); Italy's at 1,700,000 (1,595,000); UK's at 1,200,000 (1,355,000); and the Netherlands at 870,000 (927,000).

In Eastern Europe Soviet output was estimated at 8m tonnes (7.5m); Poland's at 1,450,000 (1,580,000); Czechoslovakia's at 840,000 (920,000); East Germany's at 650,000 (720,000); Hungary's at 430,000 (511,000); and Romania's at 550,000 (570,000).

Turkey was expected to produce 1,800,000 tonnes against 1,068,000. Spain 900,000 (714,000); and Austria 435,000 (408,000). Reuters

French beat own blockade

Financial Times Reporter

THE FRENCH fish industry is using Portsmouth harbour to break their own fishermen's blockade.

Large quantities of crabs, caught by Channel Island fishing fleets, are usually shipped straight from the fishing boats into French ports, are being brought into Portsmouth.

Refrigerated container lorries from France are collecting the crabs at Portsmouth's Camber Docks.

Yesterday two lorries, both loaded on Monday, were waiting for customs clearance in Portsmouth, and a third was on its way to the harbour to meet another Channel Islands fishing fleet.

The lorry-drivers were planning to return to France via Plymouth and Roscoff, bypassing the blockades at Cherbourg and Le Havre.

COFFEE

Demand disappoints Brazilian growers

BY RIK TURNER IN SAO PAULO

A CERTAIN unfounded euphoria surrounded the re-opening of export registries by the Brazilian Coffee Institute (IBC) last week. International demand was expected to stimulate domestic prices, with exporters clamouring for more coffee for producers.

In the event, this did not occur. Firstly, international demand was nowhere near what had been hoped, as overseas buyers held off in the expectation of a further drop in prices.

As Mr. Alfred Dangour, a Sao Paulo coffee broker, observed, "Although some 300,000 to 400,000 bags were contracted for on the first day of trading, only 170,000 bags were registered." This means that consumers were requesting that sales be left unregistered, and an eventual drop in prices will further effect the final price they must pay, it being calculated on an average of prices between registry date and date of delivery.

Consumers can afford to stay bearish with respect to Brazilian coffee, as it is known that the country is committed to selling another 5.5m bags from now till December when the IBC's 1980 target of 15m bags are to be sold and as announced by Sr. Octavio Raimho, the institute president in a speech the day after reopening, this means the continuation of the IBC's buyer rebates.

Equally, exporters have serious liquidity problems at present, coming out of a month-long suspension of operations and suffering from government credit restrictions.

In recognition of exporters' problems, the IBC on August 21 temporarily suspended the rule whereby exporters must close exchange operations for coffee exports within 48 hours of re-opening allowing for a degree of speculation against eventual mini devaluations, which come as black market prices for the dollar are reaching 20 per cent over the official exchange rate.

Nonetheless, exporters are expected to maintain short positions here, with total stocks in private hands not exceeding 4m bags at the moment. Much criticism has been expressed recently for the IBC's buyer rebates, which have so far cost the country some \$250m.

The International Journal recently estimated that by the end of the year the Institute will have had to reimburse overseas buyers to the tune of \$7m, which would reduce export earnings for the sector to \$2.3bn this year, with negative repercussions on the balance of trade, particularly as other large agroexports such as cocoa are also at a low on world markets.

Buyer rebates were used by previous IBC administrations as a means of rewarding certain favoured customers, but now they have become the order of the day as Brazil must sell coffee. As one sector expert expressed the situation glumly,

"The only thing worse than selling cheap is not sell at all." And it is in this climate that the IBC reopens registries, with the only option being the contracts which guarantee rebates. Malignant observers point out that the consumers' bearishness and Panacea's total failure to defend price levels came precisely in the wake of the IBC's rebate-linked contracts, almost as if the contracts were signed in the knowledge that the market would plunge.

The most astute criticism made of the present IBC commercialisation policy is that it places the power of pricing the product back in the hands of the consumers. It sidesteps the institute's policy of setting a minimum export price for coffee by tying the final price paid to the price fluctuations of the central and robustas on the international market.

Sr. Isaac Ferreira Leite, president of the Coffee Growers' Cooperative in Gauxupe, in the state of Minas Gerais, said the producers were in a position of expectancy, awaiting an improvement in international prices, which in turn would have a positive effect on the domestic market, which at the end of last week lost 25 per cent of its value. He called the rebate contracts "the only way of selling our coffee," and said that the growers' main demand at the moment was for more financing from the Government.

However, if as some informed sources suggest there is a fact strategy of the central bank to depress coffee prices. Growers will return to their habitual object of criticism, the "confisco cambial" or export tax, which was actually increased at reopening from \$108 to \$115 per 50-kilo bag.

Testing. Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

BY RIK TURNER IN SAO PAULO

A CERTAIN unfounded euphoria surrounded the re-opening of export registries by the Brazilian Coffee Institute (IBC) last week. International demand was expected to stimulate domestic prices, with exporters clamouring for more coffee for producers.

In the event, this did not occur. Firstly, international demand was nowhere near what had been hoped, as overseas buyers held off in the expectation of a further drop in prices.

As Mr. Alfred Dangour, a Sao Paulo coffee broker, observed, "Although some 300,000 to 400,000 bags were contracted for on the first day of trading, only 170,000 bags were registered." This means that consumers were requesting that sales be left unregistered, and an eventual drop in prices will further effect the final price they must pay, it being calculated on an average of prices between registry date and date of delivery.

Consumers can afford to stay bearish with respect to Brazilian coffee, as it is known that the country is committed to selling another 5.5m bags from now till December when the IBC's 1980 target of 15m bags are to be sold and as announced by Sr. Octavio Raimho, the institute president in a speech the day after reopening, this means the continuation of the IBC's buyer rebates.

Equally, exporters have serious liquidity problems at present, coming out of a month-long suspension of operations and suffering from government credit restrictions.

In recognition of exporters' problems, the IBC on August 21 temporarily suspended the rule whereby exporters must close exchange operations for coffee exports within 48 hours of re-opening allowing for a degree of speculation against eventual mini devaluations, which come as black market prices for the dollar are reaching 20 per cent over the official exchange rate.

Nonetheless, exporters are expected to maintain short positions here, with total stocks in private hands not exceeding 4m bags at the moment. Much criticism has been expressed recently for the IBC's buyer rebates, which have so far cost the country some \$250m.

The International Journal recently estimated that by the end of the year the Institute will have had to reimburse overseas buyers to the tune of \$7m, which would reduce export earnings for the sector to \$2.3bn this year, with negative repercussions on the balance of trade, particularly as other large agroexports such as cocoa are also at a low on world markets.

Buyer rebates were used by previous IBC administrations as a means of rewarding certain favoured customers, but now they have become the order of the day as Brazil must sell coffee. As one sector expert expressed the situation glumly,

"The only thing worse than selling cheap is not sell at all." And it is in this climate that the IBC reopens registries, with the only option being the contracts which guarantee rebates. Malignant observers point out that the consumers' bearishness and Panacea's total failure to defend price levels came precisely in the wake of the IBC's rebate-linked contracts, almost as if the contracts were signed in the knowledge that the market would plunge.

The most astute criticism made of the present IBC commercialisation policy is that it places the power of pricing the product back in the hands of the consumers. It sidesteps the institute's policy of setting a minimum export price for coffee by tying the final price paid to the price fluctuations of the central and robustas on the international market.

Sr. Isaac Ferreira Leite, president of the Coffee Growers' Cooperative in Gauxupe, in the state of Minas Gerais, said the producers were in a position of expectancy, awaiting an improvement in international prices, which in turn would have a positive effect on the domestic market, which at the end of last week lost 25 per cent of its value. He called the rebate contracts "the only way of selling our coffee," and said that the growers' main demand at the moment was for more financing from the Government.

However, if as some informed sources suggest there is a fact strategy of the central bank to depress coffee prices. Growers will return to their habitual object of criticism, the "confisco cambial" or export tax, which was actually increased at reopening from \$108 to \$115 per 50-kilo bag.

Testing. Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

BY RIK TURNER IN SAO PAULO

A CERTAIN unfounded euphoria surrounded the re-opening of export registries by the Brazilian Coffee Institute (IBC) last week. International demand was expected to stimulate domestic prices, with exporters clamouring for more coffee for producers.

In the event, this did not occur. Firstly, international demand was nowhere near what had been hoped, as overseas buyers held off in the expectation of a further drop in prices.

As Mr. Alfred Dangour, a Sao Paulo coffee broker, observed, "Although some 300,000 to 400,000 bags were contracted for on the first day of trading, only 170,000 bags were registered." This means that consumers were requesting that sales be left unregistered, and an eventual drop in prices will further effect the final price they must pay, it being calculated on an average of prices between registry date and date of delivery.

Consumers can afford to stay bearish with respect to Brazilian coffee, as it is known that the country is committed to selling another 5.5m bags from now till December when the IBC's 1980 target of 15m bags are to be sold and as announced by Sr. Octavio Raimho, the institute president in a speech the day after reopening, this means the continuation of the IBC's buyer rebates.

Equally, exporters have serious liquidity problems at present, coming out of a month-long suspension of operations and suffering from government credit restrictions.

In recognition of exporters' problems, the IBC on August 21 temporarily suspended the rule whereby exporters must close exchange operations for coffee exports within 48 hours of re-opening allowing for a degree of speculation against eventual mini devaluations, which come as black market prices for the dollar are reaching 20 per cent over the official exchange rate.

Nonetheless, exporters are expected to maintain short positions here, with total stocks in private hands not exceeding 4m bags at the moment. Much criticism has been expressed recently for the IBC's buyer rebates, which have so far cost the country some \$250m.

The International Journal recently estimated that by the end of the year the Institute will have had to reimburse overseas buyers to the tune of \$7m, which would reduce export earnings for the sector to \$2.3bn this year, with negative repercussions on the balance of trade, particularly as other large agroexports such as cocoa are also at a low on world markets.

Buyer rebates were used by previous IBC administrations as a means of rewarding certain favoured customers, but now they have become the order of the day as Brazil must sell coffee. As one sector expert expressed the situation glumly,

"The only thing worse than selling cheap is not sell at all." And it is in this climate that the IBC reopens registries, with the only option being the contracts which guarantee rebates. Malignant observers point out that the consumers' bearishness and Panacea's total failure to defend price levels came precisely in the wake of the IBC's rebate-linked contracts, almost as if the contracts were signed in the knowledge that the market would plunge.

The most astute criticism made of the present IBC commercialisation policy is that it places the power of pricing the product back in the hands of the consumers. It sidesteps the institute's policy of setting a minimum export price for coffee by tying the final price paid to the price fluctuations of the central and robustas on the international market.

Sr. Isaac Ferreira Leite, president of the Coffee Growers' Cooperative in Gauxupe, in the state of Minas Gerais, said the producers were in a position of expectancy, awaiting an improvement in international prices, which in turn would have a positive effect on the domestic market, which at the end of last week lost 25 per cent of its value. He called the rebate contracts "the only way of selling our coffee," and said that the growers' main demand at the moment was for more financing from the Government.

However, if as some informed sources suggest there is a fact strategy of the central bank to depress coffee prices. Growers will return to their habitual object of criticism, the "confisco cambial" or export tax, which was actually increased at reopening from \$108 to \$115 per 50-kilo bag.

Testing. Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely fake chemicals."

The hardest hit areas have been Kiambu, Murang'a, Myer and Meru, among the biggest coffee growing centres in Kenya.

Samples of five chemicals used in the industry have been sent to the Coffee Research Foundation and the National Agricultural Laboratories for testing.

Results proved that farmers have been buying chalk and washing blue instead of "orthodox" (Capitao) the active chemical content in which should be 80 per cent.

In some cases difoliton turned out to be 100 per cent wash. Other samples sent to the laboratories indicate that farmers were duped into buying difoliton of as low as 0.01 per cent.

The look-out for "unscrupulous suppliers who have been selling sub-standard or completely

Colourless market performance reflects tendency to withhold funds pending company trading statements

Account Dealing Dates
Options
First Declara. Last Account
Dealing Dates Dealing Day
Aug. 11 Aug. 28 Aug. 29 Sept. 8
Sept. 1 Sept. 11 Sept. 12 Sept. 20
Sept. 15 Sept. 25 Sept. 26 Oct. 6

*New time "dealing" may take place from 9 am two business days earlier.

London stock markets yesterday marked time more or less with most sectors moving within narrow limits in a reduced trade as the three-week holiday trading account entered its final few days. Leading equities opened firmly but later turned easier as institutional managers and smaller investors alike showed a reluctance to commit funds in advance of several major company statements this week, the most important being ICI's half-yearly results tomorrow.

Gilt-edged securities began steadily enough, but soon ran into some nervous selling partly engendered by a report that money supply this month could be as embarrassing for the authorities as July's. Sentiment here was also adversely affected by the further competition implicit in another rise in U.S. bank prime lending rates, and sterling's firmness against the dollar and other major currencies was ignored.

After the initial fall, gilt quotations began to harden but in trade after the official close they reverted to the day's lowest and longer-dated stocks closed with losses ranging to 1, while the shorts settled a maximum of 1 down.

The medium-dated Treasury 13 1/2 per cent 1993 1/2 lower a 102 1/2 and Treasury 12 per cent 1984 1/2 off at 95 1/2. The gradual downward drift in the equity leaders was measured by the FT Industrial Ordinary share index which, after being unchanged at the noon calculation, closed a net 3 1/2 lower at 495.8; a large part of the fall was accounted for by end-account profit-taking in the recently buoyant Electrical sector.

Activity in Traded options continued to be well distributed among those stocks in issue. The total amounted to 324, slightly below last week's daily average of 388. Imperial attracted 211 trades, while Rascal, Loughrie and GEC recorded 136, 123, and 113 deals respectively.

Standard and Chartered firm

Among Banks, Standard and Chartered featured with a gain of 15 at 1880 peak of 580, on small investment buying. Merchants had Brown Shipley 12 higher at 380p in a thin market.

Elsewhere, Hong Kong and Shanghai fell 5 to 155p on the disappointing interim profits and dividend.

Insurances turned back from a firmer opening and closed with modest falls. Royals ending 4 cheaper at 418p and Sun Alliance 8 off at 746p.

The chairman's confidence concerning the future profitability of the company prompted further support for Bellway which firmed 3 more to 33p. The leaders traded without distinction and finished around Friday's closing levels. In Wines and Spirits, Distillers, still buoyed by the annual report, hardened a couple of pence at 229p.

Trading statements were responsible for a couple of dull spots in Buildings, Marchwell dropping 12 to 84p on the sharply lower interim profits and Fairclough Construction shedding 4 to 7 1/2p following disappointing half-yearly results. Crown Group held at 96p despite the lower annual profits. Elsewhere, Blue Circle eased a couple of pence to 370p awaiting today's half-term, but Miconcrete added 2 to 73p, ahead of tomorrow's interim statement. News of contracts worth \$9.7m made no apparent impression on Taylor Woodrow which remained at 482p, but a Press mention helped Costa add a couple of pence to 350p. Laidlaw & Hardman a penny to 89p and Bryant 2 to a 1880 peak of 71p.

A nervous market of late on the downward drift by analysts of second-quarter profits due to be announced tomorrow, ICI encountered further small offerings and shed 8 to 356p. Other Chemicals closed with narrow mixed movements. Stewart Plastics improved 2 to 82p and International Paint a penny to 76p, but Leigh Interests eased 4 to 170p and Brent gave up a couple of pence to 154p.

H. Goldman up

Movements of note in Stores were confined to secondary issues. Press comment helped J. H. Wetherill, a couple of pence to the good at 82p, but further profit-taking clipped 6 more from Lee Cooper, 156p. H. Goldman jumped 3 1/2 to 17p following the announcement that Mr. J. J. Wasserman is interested in 10 per cent of the company's equity. Further consideration of the annual results left K. O. Boardman a fraction firmer at 7p, while support was again evident for Poly Pack, 3 better at 102p, after 105p. Recovery hopes continued to buoy Harris Queensway, up 2 more at 166p, while a Press mention helped

R. and J. Pullman, a penny harder at 46p. A reasonably good trade was transacted among leading Stores in which movements were restricted to a couple of pence. Mothercare, 252p, and Burton, 116p, both added 2, but Marks and Spencer eased the turn to 104p. House of Fraser, interim results expected next

The undertone in Foods remained firm, but business was sparse. Associated Dairies added 4 to a 1980 peak of 218p awaiting today's preliminary results, while Tesco improved 1 1/2 to 59p and J. Sainsbury hardened 3 to 473p. Publicity given to a broker's circular directed attention towards Unigate which

reason. Satisfactory half-yearly results and the final dividend forecast prompted a gain of 3 to 44p in Provincial. Standard Fireworks improved similarly to 92p the price given in Tuesday's issue was incorrect. Lack of support made for a slightly easier trend in the leaders.

A weak market last Friday on the interim profits slump, Coral Leisure rebounded to 62p before closing 4 up on balance at 60p on Press suggestions that Bass may bid for the company's Pontins subsidiary.

Contrasting movements in Newspapers were provided by East Midlands Allied Press, A. 5 better at 82p, and by United which shed a similar amount to 208p.

Secondary issues provided the main movements in a lethargic property sector. Control Securities put 3 to 40p, while London and Provincial Shop and Lynton added 5 pence to 390p and 210p respectively. Carrington Investments also firmed 5, to 105p, while, among smaller issues, Telford of Property put 3 to a 1980 peak of 131p and Raglan improved 1 1/2 to 6p. Among the leaders, Land Securities, 369p, and MEPC, 239p, both softened a penny, while falls of a couple of pence were marked against Handmere Estates, 350p, and Great Portland Estates, 278p. Buying ahead of today's interim results left Slough Estates 2 dearer at 141p. Elsewhere, Hong Kong Land firmed 6 1/2 to 140p on Far-Eastern influences.

Oils quietly dull

Lack of support and occasional offerings made for a quietly dull day in the Oil sector. Shell drifted off to close 4 cheaper at 420p in the leaders. Elsewhere, Esso eased 1 1/2 to 670p, while Tricentral eased 8 to 328p and Ultramar 6 to 338p. Among the more speculative issues, Aran touched 470p before settling at 460p for a gain of 4 on the day. Fears about the outcome of the court action in the U.S. concerning breaches of the Securities Exchange Act left Basic Resources 4 1/2 lower at 610p.

Overseas, Henderson & Duffus which advanced 8 to 169p in response to a Press mention. Elsewhere, S. and W. Berisford firmed 2 to 183p, while Sime Darby added a penny to 74p, the latter in front of tomorrow's annual report.

Gresham House were outstanding among Trusts, rising 13 to 225p after Press comment. Selected Financials also made useful progress with Rosehain gaining 14 to 140p on speculative support. R. P. Martin, firm of late on good results and buying

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise lacklustre miscellaneous industrial sector. In contrast, Hoover weakened 5 to 135p following a Press article highlighting big imports of washing machines. R. H. Cole was dull at 72p, down 4, along with Office and Electronic which gave up 5 to 352p. H. Brammer eased 2 to 151p following the half-yearly figures. On the other hand, favourable Press mention stimulated demand for Pritchard Services, up 3 at 96p, while Camex, 37p, and Steeley, 180p, both closed a shade harder for a similar

Tuesday, ended a shade firmer at 147p.

The recent upward flurry in Electricals fizzled out, particularly towards the close of business when profit-takers became evident. GEC, one of the best performers lately, came back 12 to 500p, while Plessey reacted 7 to 236p and Thorn 13 at 329p, were prominent in secondary issues following the chairman's warning of a slow down in the rate of recent progress. Newman Industries eased to 37p after the annual meeting.

An easier trend became more apparent in the Engineering leaders as the day progressed. GKN, 228p, Hawker, 226p, eased 4 pence, while John Brown gave up 1 1/2 to 64p and Tubes a few pence to 250p. Elsewhere, M.I. Holdings encountered fresh profit-taking and reacted 10 to 340p. IMI closed a penny down at 59p, after 61p, the satisfactory half-year figures being outweighed by the statement on current trading. In contrast, W. G. Allen were supported and put on 4 to 36p, while favourable Press comment lifted pence were also seen in Matthew Hall, 272p, Hopkinsons, 68p, and J. Salville Gordon, 40p.

firming 2 to 122p, while Rowntree Mackintosh met occasional support and rose 4 to 166p. Joseph Stocks became a late feature in secondary issues, falling 12 to 88p in a thin market following the chairman's cautious statement with the interim results.

Among Hotels and Cafeterias, Ladbroke touched 199p before closing a net penny off at 195p in front of today's interim statement. Queens Moat Houses were supported at 37p following the interim results and proposed 2.7m rights issue in Convertible Loan stock. Brent Walker attracted late support and put on 4 to 71p, while Savoy A improved 2 to 128p.

Marked firmness in Sothebys, up 27 at 467p, after 470p on American buying, provided the main feature in an otherwise

FREEDOM!
That's BTR

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

"Shorts" (Lives up to Five Years)									
1991	99%	Escapee 13pc 1984H	99%	13.18	1	1990	99%	11.68	1
99%	96%	Treasury 11pc 1984H	99%	3.65	1	99%	96%	3.65	1
96%	96%	Treasury 5pc 1974H	99%	3.65	1	99%	96%	3.65	1
96%	96%	Treasury 5pc 1981H	97%	8.65	1	97%	96%	8.65	1
96%	96%	Treasury 5pc 1981H	96%	9.87	1	96%	96%	9.87	1
96%	92%	Earth 2pc 1981H	96%	3.70	1	96%	92%	3.70	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H	96%	12.95	1	96%	92%	12.95	1
96%	92%	Earth 2pc 1981H	96%	9.06	1	96%	92%	9.06	1
96%	92%	Earth 2pc 1981H							

INDUSTRIALS—Continued

1939	Low	High	Stock	Price	Chg.	Vol.	Open	High	Low	Close	1939	Low	High	Stock	Price	Chg.	Vol.	Open	High	Low	Close	1939	Low	High	Stock	Price	Chg.	Vol.	Open	High	Low	Close
56	120	56	Hanson Corp.	25			167	25	25	25	56	120	56	Hanson Corp.	25			167	25	25	25	56	120	56	Hanson Corp.	25			167	25	25	25
57	120	57	Hawthorn	25			167	25	25	25	57	120	57	Hawthorn	25			167	25	25	25	57	120	57	Hawthorn	25			167	25	25	25
58	120	58	Hawthorn	25			167	25	25	25	58	120	58	Hawthorn	25			167	25	25	25	58	120	58	Hawthorn	25			167	25	25	25
59	120	59	Hawthorn	25			167	25	25	25	59	120	59	Hawthorn	25			167	25	25	25	59	120	59	Hawthorn	25			167	25	25	25
60	120	60	Hawthorn	25			167	25	25	25	60	120	60	Hawthorn	25			167	25	25	25	60	120	60	Hawthorn	25			167	25	25	25
61	120	61	Hawthorn	25			167	25	25	25	61	120	61	Hawthorn	25			167	25	25	25	61	120	61	Hawthorn	25			167	25	25	25
62	120	62	Hawthorn	25			167	25	25	25	62	120	62	Hawthorn	25			167	25	25	25	62	120	62	Hawthorn	25			167	25	25	25
63	120	63	Hawthorn	25			167	25	25	25	63	120	63	Hawthorn	25			167	25	25	25	63	120	63	Hawthorn	25			167	25	25	25
64	120	64	Hawthorn	25			167	25	25	25	64	120	64	Hawthorn	25			167	25	25	25	64	120	64	Hawthorn	25			167	25	25	25
65	120	65	Hawthorn	25			167	25	25	25	65	120	65	Hawthorn	25			167	25	25	25	65	120	65	Hawthorn	25			167	25	25	25
66	120	66	Hawthorn	25			167	25	25	25	66	120	66	Hawthorn	25			167	25	25	25	66	120	66	Hawthorn	25			167	25	25	25
67	120	67	Hawthorn	25			167	25	25	25	67	120	67	Hawthorn	25			167	25	25	25	67	120	67	Hawthorn	25			167	25	25	25
68	120	68	Hawthorn	25			167	25	25	25	68	120	68	Hawthorn	25			167	25	25	25	68	120	68	Hawthorn	25			167	25	25	25
69	120	69	Hawthorn	25			167	25	25	25	69	120	69	Hawthorn	25			167	25	25	25	69	120	69	Hawthorn	25			167	25	25	25
70	120	70	Hawthorn	25			167	25	25	25	70	120	70	Hawthorn	25			167	25	25	25	70	120	70	Hawthorn	25			167	25	25	25
71	120	71	Hawthorn	25			167	25	25	25	71	120	71	Hawthorn	25			167	25	25	25	71	120	71	Hawthorn	25			167	25	25	25
72	120	72	Hawthorn	25			167	25	25	25	72	120	72	Hawthorn	25			167	25	25	25	72	120	72	Hawthorn	25			167	25	25	25
73	120	73	Hawthorn	25			167	25	25	25	73	120	73	Hawthorn	25			167	25	25	25	73	120	73	Hawthorn	25			167	25	25	25
74	120	74	Hawthorn	25			167	25	25	25	74	120	74	Hawthorn	25			167	25	25	25	74	120	74	Hawthorn	25			167	25	25	25
75	120	75	Hawthorn	25			167	25	25	25	75	120	75	Hawthorn	25			167	25	25	25	75	120	75	Hawthorn	25			167	25	25	25
76	120	76	Hawthorn	25			167	25	25	25	76	120	76	Hawthorn	25			167	25	25	25	76	120	76	Hawthorn	25			167	25	25	25
77	120	77	Hawthorn	25			167	25	25	25	77	120	77	Hawthorn	25			167	25	25	25	77	120	77	Hawthorn	25			167	25	25	25
78	120	78	Hawthorn	25			167	25	25	25	78	120	78	Hawthorn	25			167	25	25	25	78	120	78	Hawthorn	25			167	25	25	25
79	120	79	Hawthorn	25			167	25	25	25	79	120	79	Hawthorn	25			167	25	25	25	79	120	79	Hawthorn	25			167	25	25	25
80	120	80	Hawthorn	25			167	25	25	25	80	120	80	Hawthorn	25			167	25	25	25	80	120	80	Hawthorn	25			167	25	25	25
81	120	81	Hawthorn	25			167	25	25	25	81	120	81	Hawthorn	25			167	25	25	25	81	120	81	Hawthorn	25			167	25	25	25
82	120	82	Hawthorn	25			167	25	25	25	82	120	82	Hawthorn	25			167	25	25	25	82	120	82	Hawthorn	25			167	25	25	25
83	120	83	Hawthorn	25			167	25	25	25	83	120	83	Hawthorn	25			167	25	25	25	83	120	83	Hawthorn	25			167	25	25	25
84	120	84	Hawthorn	25			167	25	25	25	84	120	84	Hawthorn	25			167	25	25	25	84	120	84	Hawthorn	25			167	25	25	25
85	120	85	Hawthorn	25			167	25	25	25	85	120	85	Hawthorn	25			167	25	25	25	85	120	85	Hawthorn	25			167	25	25	25
86	120	86	Hawthorn	25			167	25	25	25	86	120	86	Hawthorn	25			167	25	25	25	86	120	86	Hawthorn	25			167	25	25	25
87	120	87	Hawthorn	25			167	25	25	25	87	120	87	Hawthorn	25			167	25	25	25	87	120	87	Hawthorn	25			167	25	25	25
88	120	88	Hawthorn	25			167	25	25	25	88	120	88	Hawthorn	25			167	25	25	25	88	120	88	Hawthorn	25			167	25	25	25
89	120	89	Hawthorn	25			167	25	25	25	89	120	89	Hawthorn	25			167	25	25	25	89	120	89	Hawthorn	25			167	25	25	25
90	120	90	Hawthorn	25			167	25	25	25	90	120	90	Hawthorn	25			167	25	25	25	90	120	90	Hawthorn	25			167	25	25	25
91	120	91	Hawthorn	25			167	25	25	25	91	120	91	Hawthorn	25			167	25	25	25	91	120	91	Hawthorn	25			167	25	25	25
92	120	92	Hawthorn	25			167	25	25	25	92	120	92	Hawthorn	25			167	25	25	25	92	120	92	Hawthorn	25			167	25	25	25
93	120	93	Hawthorn	25			167	25	25	25	93	120	93	Hawthorn	25			167	25	25	25	93	120	93	Hawthorn	25			167	25	25	25
94	120	94	Hawthorn	25			167	25	25	25	94	120	94	Hawthorn	25			167	25	25	25	94	120	94	Hawthorn	25			167	25	25	25
95	120	95	Hawthorn	25			167	25	25	25	95	120	95	Hawthorn	25			167	25	25	25	95	120	95	Hawthorn	25			167	25	25	25
96	120	96	Hawthorn	25			167	25	25	25	96	120	96	Hawthorn	25			167	25	25	25	96	120	96	Hawthorn	25			167	25	25	25
97	120	97	Hawthorn	25			167	25	25	25	97	120	97	Hawthorn	25			167	25	25	25	97	120	97	Hawthorn	25			167	25	25	25
98	120	98	Hawthorn	25			167	25	25	25	98	120	98	Hawthorn	25			167	25	25	25	98	120	98	Hawthorn	25			167	25	25	25
99	120	99	Hawthorn	25			167	25	25	25	99	120	99	Hawthorn	25			167	25	25	25	99	120	99	Hawthorn	25			167	25	25	25
100	120	100	Hawthorn	25			167	25	25	25	100	120	100	Hawthorn	25			167	25	25	25	100	120	100	Hawthorn	25			167	25	25	25

INSURANCE—Continued[illegible]**PROPERTY—Continued**[illegible]

INVESTMENT TRUSTS 399

INVESTMENT TRUSTS—Cont.									
1950	High	Low	Stock	Price	P	+	Div.	Yr.	PE
57	134	126	British Assets	95	134	+	13.3	1.2	5.29
59	144	130	Brit. Emp. Sec. Inv.	108	130	+	10.78	1.1	7.0135
60	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
61	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
62	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
63	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
64	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
65	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
66	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
67	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
68	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
69	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
70	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
71	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
72	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
73	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
74	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
75	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
76	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
77	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
78	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
79	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
80	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
81	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
82	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
83	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
84	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
85	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
86	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
87	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
88	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
89	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
90	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
91	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
92	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
93	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
94	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
95	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
96	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
97	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
98	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
99	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
100	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
101	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
102	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
103	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
104	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
105	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
106	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
107	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
108	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
109	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
110	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
111	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
112	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
113	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
114	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
115	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
116	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
117	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
118	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
119	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
120	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
121	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
122	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
123	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
124	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
125	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
126	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
127	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
128	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
129	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
130	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
131	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
132	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
133	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
134	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
135	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
136	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
137	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
138	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
139	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
140	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
141	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
142	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
143	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
144	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
145	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
146	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
147	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
148	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
149	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
150	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
151	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
152	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
153	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
154	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
155	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
156	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
157	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
158	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
159	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
160	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
161	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
162	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
163	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
164	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
165	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
166	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
167	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
168	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
169	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
170	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
171	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
172	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
173	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
174	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
175	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
176	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
177	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
178	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
179	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
180	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
181	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
182	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
183	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
184	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
185	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
186	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
187	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
188	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
189	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
190	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
191	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
192	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
193	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
194	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
195	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
196	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
197	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
198	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
199	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
200	144	130	Brit. Inv.	126	130	+	10.78	1.1	7.0135
201	144	130	Brit. Inv.	126</					

FINANCE AND ACCOUNTS

[illegible]

MINES—Continued

[illegible]

REGIONAL MARKETS

The following is a selection of London quotations of shares permitted only in regional markets. Prices of Irish issues, most of which

OPTIONS

3-month Call Rates

27	Unl. Drapery
62	Vickers
32	Wickhampton

U.S.S.R.	42	Interest	4
Sabcock	8	Landroie	15
			Property

Barclays Bank	34	Legal & Social	20	Br. Land	20
Beecham	10	Lex Service	8	Cap. Counties	20
Blue Circle	25	Lloyds Bank	24	Land Svc.	20

Boots	16	-LDS	31	MEPC
Snowden	15	London Bridge	6	Peachey
BAT	20	Lucas Lock	17	Sammal Puntell

Brown J.	6	"M.J.M."	10	Town & City
Gurton A.	10	Micks & Sprncr	8	
McIntyre	51	Murdzand Rant	26	

Courtaulds	8	N.E.I.	5	Brit. Petroleum
Debenhams	8	Nat. West. Bank	27	Burmah Oil
Millington	17	R.A.O.M.	10	

Dunlop	71	Plessey	14	Charterhall
Eagle Star	15	Rascal Elect	22	KCA

Gen. Accident	21	Rank Org.	25	Shell
Gen. Electric	30	Reed Insl.	16	Tricentral

18	Seals	5	Grand Met
12	Tesco	6	ILS 'A'
34	Thom	23	

Guardian	23	Trust Houses	12	Charter Cons.
G. K. N.	20	Tube Invest.	25	Cons. Gold
London Field	16	Wicksteed	80	

house of Fraser... 15 U.D.T... 512 Rio T. Zinc

London Stock Exchange Report, page

"Recent Issues" and "Rights" Page 24

This service is available to many Camerons don't in an

Exchanges throughout the United Kingdom for a fee of
one annum for each security

per minute for each subject.

